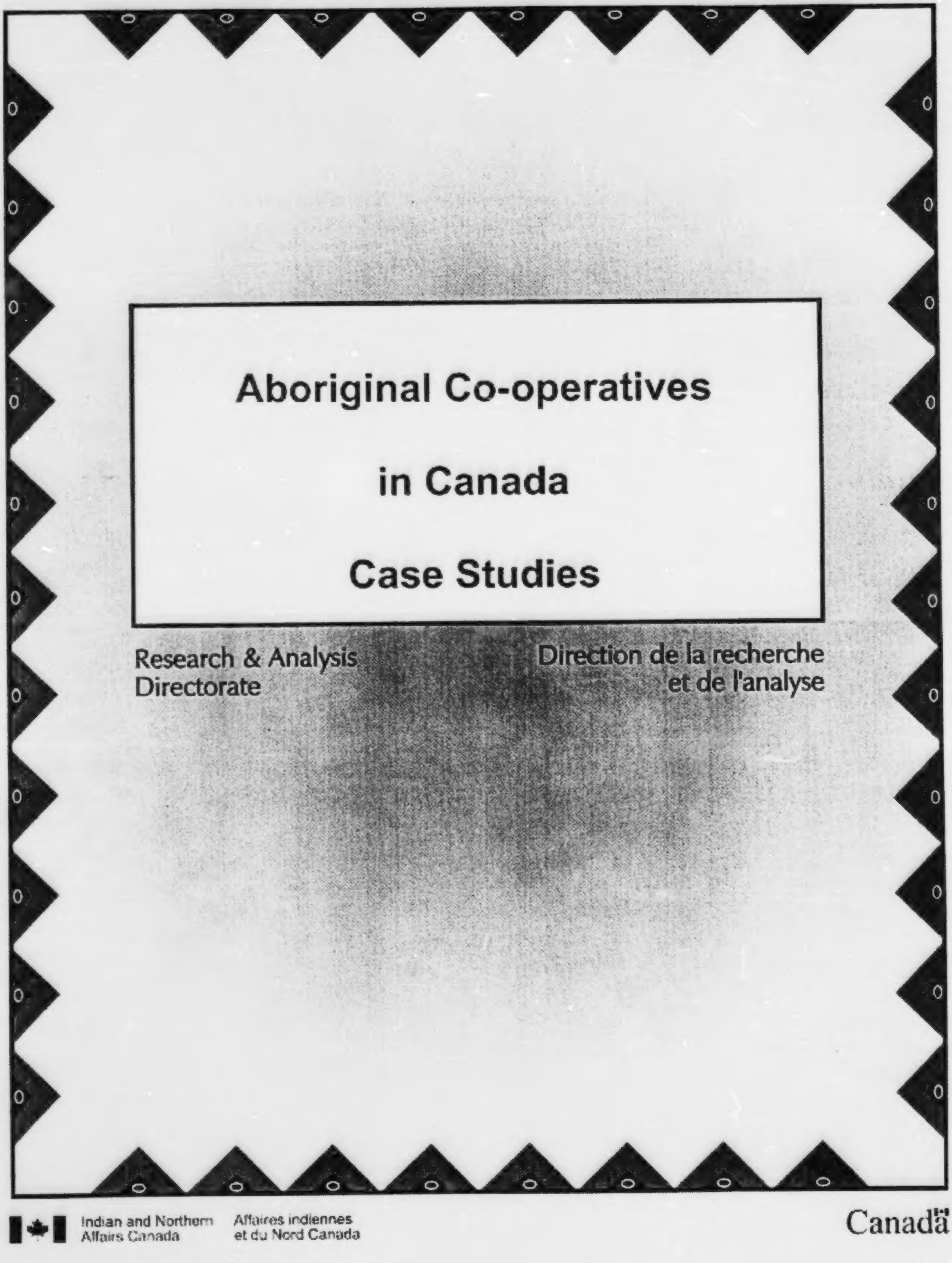

Aboriginal Co-operatives

in Canada

Case Studies

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Aboriginal Co-operatives in Canada

Case Studies

June 2001

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The complete report is available on the following web sites:
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Introduction

When one thinks about how and why Aboriginal peoples in Canada today might consider the possible use of co-operatives, three rather obvious points might be worth keeping in mind.

First, Aboriginal peoples are more determined than ever to shape their own futures. That goal lies behind the pressures for settlement of land issues, the quest for better governance structures, the increased emphasis on more and better educational opportunities, and the determination to preserve traditional ways. It is the characteristic mark of an Aboriginal generation better educated than any that has preceded it, a generation increasingly restless within the social and economic restrictions their peoples have inherited, a generation committed to finding the best ways to preserve traditional values amid necessary change.

As they search for the best alternatives for the future, Aboriginal peoples might find in co-operative forms of ownership and control some of the solutions for the conundrums they face. They may find that co-operative forms, adapted to local needs and reflecting local priorities, may provide one of the best ways for Aboriginal peoples to be masters in their own land.

Second, Aboriginal peoples and their leaders are coping with challenges that are growing not abating. They are faced, for example, with unparalleled problems of unemployment, poorer health experiences than other Canadians, the intense challenges of making rapid adjustments to urban life, and the reformulation of Indigenous governance structures. A series of revolutions is convulsing Aboriginal communities, meaning that their leaders daily face a wider range of responsibilities than similar politicians in the wider Canadian society. Perhaps the co-operative model, given its capacity to meet so many needs and its characteristic patterns of accountability, can be useful in fostering growth, in sharing responsibilities and in spreading accountability.

Third, decisions made today will have long-term implications for generations of Aboriginal people as yet unborn. Settlement of land claims and other rights will bring significant funds to Aboriginal peoples, but decisions about those funds will determine much of the future of Aboriginal peoples. It is a kind of awesome responsibility that lies heavily upon today's leaders; it is a kind of challenge not faced so graphically since the time of the treaty negotiations of the late nineteenth and early twentieth centuries. Within this perspective, the co-operative model might be valuable since it ensures continuing Aboriginal ownership of resources; the building of social as well as economic capital; and a "concern for community" enshrined in the principles of co-operative enterprise.

There are two ways one might learn about the potential value of using co-operatives. One, fondly followed by generations of co-operative enthusiasts, is to start with some history, to retrace the steps in the development of co-operatives from their beginnings – usually starting with the Rochdale Pioneers in the 1840s in England – and then to follow the course of the development of co-operatives to the present day. This can be a useful route, particularly for those whose ancestry extends back to the industrial revolutions in the North Atlantic world. It is not so useful for others whose traditions embrace different value systems and whose histories are not so immediately shaped by industrialism.

For them, a more useful route is to examine carefully concrete examples of the diversity of co-operative experience among their own people; to understand how co-operative forms emerge out of their own experiences and circumstances. It is better to learn from those we know, people who are doing what might be useful for our common betterment. That is the underlying assumption behind the following stories or case studies about co-operative action undertaken by a diversity of Aboriginal peoples.

These studies were written by a number of collaborators, many of them Aboriginal people from the co-operative described; all of them have been approved by the leaders of the co-operatives being examined.

You are invited to read these stories, to learn from them what is potentially important to the communities in which you are involved. You are invited to contact the co-operatives for further information.

I hope the case studies will encourage discussion among people who might be interested in developing one kind of co-operative or another. One thing is certain: Aboriginal people today will find value in creating organizations based on co-operative values only through their own study and debate. The day has long past when a co-operative enthusiast from outside can have much effect.

If you are unaware of how Aboriginal peoples have experimented with co-operatives, I think you will be surprised by the extent and range of co-operative enterprise revealed in the case studies. Inuit have been path breakers in co-operative enterprise; their story is one of the most amazing in Canadian co-operative history in the last fifty years; it is one of the most remarkable examples of Aboriginal entrepreneurship in the world today. Similarly, I hope you will find, as I did, much to reflect about in the case studies as they explore how Aboriginal people have developed financial, fishery, housing and consumer co-operatives. Perhaps too you will find interest in how co-operatives might be used to meet even more needs, such as in health, education and elder care. The breadth of perspective that emerges from considering these case studies is truly remarkable.

There is no single path to a more bountiful and fairer future -- for Aboriginal or non-Aboriginal people. Specific needs, specific opportunities, might be pursued through individual effort, through small businesses, through alliances with the large corporations that increasingly shape our world, and through government actions including those undertaken by bands. They can also be pursued through collective effort, a mode of enterprise and organization that can work in co-operatives as well as in other ways.

It is a wise person, a wise group of people, who considers all the options in contemplating the futures, in responding to the pressures that seem daily to intensify, and in meeting responsibilities to the generations that are yet to come.

Ian MacPherson
Director, British Columbia Institute for Co-operative Studies
University of Victoria

Arctic Co-operatives Limited

Case Study Analysis Prepared by Ian MacPherson
Director, British Columbia Institute for Co-operative Studies
University of Victoria

> If you go on a seal hunt using breathing holes to hunt seals, and you go by yourself, and if you cover only one of the breathing holes, you don't have that much chance of being lucky. A seal has five or six breathing holes, so the more you can cover, the better, and so usually the whole camp would go out – with their dogs – and try to cover as many holes as possible and everyone shares. And that is why I think the Inuit took so easily to co-operatives.[1]

Surviving on the Arctic tundra and its coasts has always been an unrelenting struggle; harvesting the region's treasures, be they on land or sea, has always been a stark challenge. In the days before the market and the modern state transformed the northern economy, human beings had little option but to work together; they had no choice but to practice pragmatic communal collaboration. Thus the Inuit and Inuvialuit had developed deep traditions of informal familial and group co-operation long before southerners, public servants, missionaries, co-operative enthusiasts, and social engineers encouraged the development of formal co-operatives among them. Those traditions would become vital contexts within which the institutionalized movement could be established and, in general, would flourish.

Origins

European and southern interest in the Arctic region goes back for centuries, but the Canadian government, which accepted responsibility for the Arctic region in 1880, only emerged from its "state of absent-mindedness" about the region during the 1950s. The reasons for the wakening are not hard to recall. The alarms raised by the deepening Cold War rang as loud in the Canadian Arctic as anywhere. The public outcry over stories of abject poverty and high mortality from diseases that would have been curable in the South shamed many southern Canadians. The desire to tap into the extensive mineral wealth of the region stirred many southern entrepreneurs. The drive to create a uniform, national social safety net stretched north as much as it did east and west. All of these pressures revolutionized the way the Canadian government and its territorial representatives carried out their responsibilities in the North. Even more importantly, they reshaped Arctic societies in a rapid and sometimes brutal way. Amid the transformations that took place, the formal co-operative movement, with its distinct way of carrying out business and building local communities, took shape.

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[1] Interview, Andrew Goussaert, by author, 15 July 1986.

Government officials began to discuss co-operatives early in the 1950s as the possibilities for the production and sale of northern Aboriginal art became evident, largely because of the work of James Houston and Don Snowden and, later, that of Alma Houston. Following an extensive study of the possibilities, the federal government announced its first five-year northern co-operative development programme in 1958. A year later, the first co-operatives were organized in George River and Port Burwell (the Kikitoayak Eskimo Co-operative).

Promising starts by the two co-operatives encouraged people in several other communities and the southerners associated with them to develop co-operatives. The major government drive to create co-operatives occurred during the 1960s and early 1970s. By 1970 there were thirty co-operatives in the Northwest and Yukon Territories; by 1975, there were forty-one. In subsequent years more were gradually added until the number reached the mid-forties; they could be found in almost all the major communities in the region. As the co-operatives reached a "steady state," between 90 and 97 percent of their memberships were Aboriginal and their elected boards were almost universally made up of Inuit, Inuvialuit, and Dene.

The expansion of the 1960s and the early 1970s was the result of an effective partnership between northern Aboriginal peoples, government officials, and southern co-operative leaders. The challenge was to translate informal, traditional forms of collaborative behaviour into effective participation and management of co-operatives. Much had to be comprehended in a short period of time. Aboriginal peoples had to learn about the organization and operation of formal, legally constituted institutions. They had to adapt their consensus model of decision making to the more formal methods of voting and delegation typical of co-operative enterprise. They had to learn how to participate in formal democratic practices: how to carry out elections, how to conduct meetings, how to delegate responsibility to elected leaders, and how to effectively utilize regular and annual meetings. Some, particularly those elected to boards or employed by the co-operatives, had to learn how to harmonize the democratic aspects of their co-operatives with the need to function in the market-place: they had to understand balance sheets, turnovers, and audits. Learning all these skills and understandings became a remarkable exercise in adult education for the generation that was dominant in the 1960s and 1970s. Doing so created a cadre of leaders in the Arctic communities who were somewhat separated from the political and traditional leadership of those communities; a cadre for which the co-op became the main focus of their economic and many of their social ambitions.

Champions

Because of this learning curve for northern Aboriginal peoples, the involvement of public servants and other southern sojourners was particularly important in the early development of the northern co-operatives. An especially instrumental role was played by officials within the then Department of Northern Affairs, which had responsibility for the northern co-operatives until 1970, when responsibility for co-operatives was generally handed over to territorial officials. Two of the most important of the championing officials in Northern Affairs were Paul Godt and Alexandr Sprudz, recent immigrants who had learned about co-operatives in the strong movements of their respective homelands of the Netherlands and Lithuania. Both travelled extensively in the North and lobbied assiduously within the federal government to secure the resources that made the development of the northern co-operatives possible. They found allies within the Co-operative Union of Canada (the forerunner of the Canadian Co-operative Association), notably Alexander Laidlaw and Ralph Staples. They were aided by several European and southern individuals in the northern communities: typically priests, teachers, and police officers who provided much of the technical expertise and advisory services groups needed to form and to operate co-operatives. One of the transplanted Europeans, Andrew Goussaert, became a tireless promoter of co-operatives in the North and a central figure in the development of the northern movement. For his work over nearly three decades he was recognized nationally by the English-Canadian movement, the only person in the history of the movement to have been so recognized.

The work of such people as Sprudz, Godt, and Goussaert demonstrates the absolutely crucial role played by champions in creating the northern co-operatives. That does not mean that the roles played by Aboriginal leaders and members were not critical as well, because they were. The point is that there was an essential transmission of understanding and training that made the Arctic co-operatives possible, and that exchange took place over a period of time. As in the development of co-operatives in all parts of the world, Aboriginal or non-Aboriginal, then or now, the Arctic co-operatives required careful nurturing by informed champions during their formative years.

The federal government helped the co-operatives in a number of specific ways. It funded the early training of the elected leadership and members. It facilitated the training of managers and helped organize the annual sea lifts that brought most of the consumer goods for the communities northward. It helped the co-ops secure government contracts for the delivery of services and the construction of homes. It provided direct support through guaranteed lines of credit, grants-in-aid, the promotion of Aboriginal art, and support for conferences. Until the mid-1960s, public servants in Ottawa sorted, stored, and sold the northern art brought south each year by the supply ships.

The Art Business

From the beginning, the northern co-operatives were engaged in two kinds of businesses. One, the more glamorous and better known, was the encouragement of the production of northern art and its sale outside the region, primarily in the Canadian South. In its earliest days, it too was a business that owed much to the energies and expertise of southern experts and supporters. It was always a business, however, that was based on Arctic Aboriginal views of reality, traditional forms of representation, and stories derived from the Arctic cultures.

The art business was organized according to a classic co-operative marketing model, emphasizing control over the quantity and quality of the "product" as well as the careful development of the marketing process. In its earliest days, the business was regulated by the Canadian Guild of Crafts in Montréal which ensured that the quality was high – at least as that was understood by southerners interested in Aboriginal art. The art was distributed through southern stores and encouraged by southern government officers and federal politicians; it was promoted through a growing network of art stores in Canada and, gradually, in some other countries as well. It was in many ways a controlled market, one that could guarantee a reasonable return to northern co-operatives (and their artist/members), particularly in the time when southern sojourners were few in number and when individual northern artists had few opportunities to sell outside the region.

The kind of art produced in the Arctic co-operatives has changed dramatically over the years. The first kinds of art, naturally enough, were extensions of the art traditionally created by the Arctic peoples; much of it was made from soapstone, animal bones, and hides. As southern technology for printmaking became commonplace and southern materials were introduced, the Arctic artistic flare, forms, and perspectives were transferred to other media and new markets. By 1999, more than a thousand northern artists in Nunavut and the two territories were selling their work through the co-operatives. It had become one of the most important sources of income for the region's Aboriginal peoples. It was a good example of the instinctive entrepreneurial capacity of northern peoples.

The Other Businesses

The other kind of business, in reality more important in the long run, grew out of the development of retail stores in the Arctic communities. Because of the isolation of the Arctic settlements and the domination of two chain stores in the region, the cost of consumer goods was always a major issue among northern peoples. Co-operative stores, through their transparent accounting systems, could be held accountable for the charges they levied on the goods they sold, the only significant variable being the effectiveness of their management. At the very least they were market-place regulators of the pricing of consumer goods. For that reason alone, they soon became a common feature of almost all the northern communities. Most importantly, the co-operative stores contributed significantly to the development of the social capital of the region. By the time they reached a steady state of about forty-five stores, they were involving some 250 people annually on their board of directors. Over the years, the co-operatives have trained an estimated 2,000 people in their roles as directors. They have also been for many years significant employers – indeed, after government, the second largest employer of Aboriginal peoples in the North. Today, they employ directly 750 people and they have developed training programmes that, formally and informally, have educated thousands of northerners.

During the 1960s and 1970s, the movement was particularly engaged in the training of people both within the region and in classes at the Co-operative College of Canada in Saskatoon. In a way they were too successful, as the people once trained moved on to other jobs and vocations. Many of the elected people went on into the politics of the region, within Inuit organizations, in the House of Commons and, ultimately in the Nunavut Legislature. Many who first earned employment in the co-operatives went on to work in government and private companies, attracted by southern pay scales and better fringe benefits. Several went into business for themselves, sometimes in competition with the co-operatives where they had once worked. This continuous expansion of "human capacity" was an important contribution to the social and political economies of the northern region.

As the years went by, the northern co-operatives became a considerable engine of growth for the Arctic region. In many communities they were the only private business;

in others they were significant competitors in the retail trades, the only protection from gouging by private companies. The co-ops were also remarkably entrepreneurial as they became engaged in whatever kinds of businesses made economic sense: they operated repair shops for the skidoos they sold, ran hotels, organized charters for southern tourists, provided mail service, delivered fuel, opened video shops, built houses, and operated cable television services. They became remarkable testimonies to the capacity of northerners, particularly Aboriginal northerners, to tailor business activities to whatever economic opportunities existed.

Creating Arctic Co-operatives Limited

Effective co-operative movements are typically about more than local co-operatives; they are almost invariably organized in federations, groupings, or alliances that achieve benefits of scale by working together to purchase jointly whatever goods or services they need, to collaborate in training programmes, to sell collectively when it is in their interest to do so, and to lobby government when it is necessary. These coalitions, in tangible and intangible ways, are central to co-operatives achieving their full potential and to the maximization of the benefits of co-operativism for both members and their communities. Discussions about forming a federation of co-operatives began almost at the same time as the northern movement itself. In 1963, representatives from sixteen co-operatives gathered in Frobisher Bay (now Iqaluit) to discuss the possibilities at length.[2] The first pan-Arctic gathering of Inuit, Inuvialuit, and Innu, it was a remarkable event, filled with excitement as people from the eastern and western Arctic gathered in significant numbers; as people communicated through interpreters in dialects that were similar yet different; as the vision of a pan-Arctic co-operative movement owned by the people captured the imaginations of many of the people in attendance. One might even say that the first glimmer of a pan-Arctic Aboriginal brotherhood was born at that meeting.

Three years later, representatives of twenty-four co-operatives met in Povungnituk to form Canadian Arctic Producers to market arts and craft, initially through the offices of the Co-operative Union of Canada located in Ottawa. It was an important step in the evolution of the Arctic co-operative movement.

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[2] Eleven of the co-operatives were located in the Northwest Territories, five in Nouveau-Québec.

The development of a wholesale organization for the northern co-operatives in the Northwest and Yukon Territories took a little longer and it was somewhat controversial.[3] The competing stores in the Arctic naturally resisted the growth of the co-operatives. In the late 1960s, the co-ops were denounced by a Yellowknife newspaper, the speaker of the Council, and the commissioner of the Northwest Territories as being a Trojan horse for socialism. Consequently, before 1970, when responsibility for co-operatives was transferred to the territories, support from the territorial government was lukewarm and guarded. Afterward, for a number of years, the support was less freely given than it had been during the days when the Department of Northern Affairs was primarily responsible.

It was not until 1972 that the territorial government allowed the northern co-operatives to form a federation, some five years after it had received the first request to do so. The Canadian Arctic Federation of Co-operatives (CAFC), formed that year, opened an office in Yellowknife. CAFC immediately undertook a wide range of services, including audit and educational programmes and merchandising and transportation services. It also became more closely associated with southern co-operatives. Its connections with the Co-operative Union remained strong; it continued to use the services of the Co-operative College in its training programmes, both in Saskatoon and in the North; and it began to use Federated Co-operatives Ltd., the wholesale for western Canadian co-operatives, to secure its consumer and dry goods.

The Chronology of Arctic Co-operatives
1959: first co-operatives formed
1963: "Frobisher Bay" conference
1966: Povungnituk Conference
1966: Canadian Arctic Producers formed
1972: Canadian Arctic Federation of Co-operatives formed
1982: Canadian Arctic Producers and Canadian Arctic Federation of Co-operatives unite to form Arctic Co-operatives Limited
1985: Arctic Co-operatives Ltd. head office moved to Winnipeg
1986: Arctic Co-operative Development Fund created

Within two years, however, CAFC was facing serious problems, necessitating a campaign to raise more funds during the period 1975–1978. While some of the increased funding came from the fledgling co-operatives, most of it came from the federal and territorial governments. They guaranteed a bank loan of $3.2 million; made annual contributions of nearly $300,000; provided low-cost loans to local co-ops; and provided $240,000 annually for training/ educational programmes. While this assistance was substantial, it was not out of line with the kind of assistance governments gave, directly and indirectly, to southern companies striving to develop businesses in the North.

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[3] The situation was less complicated in Nouveau Québec and a wholesale was speedily created, La fédération des coopératives du Nouveau-Québec, was established in 1967.

The pressures of the 1980s forced the leadership of Arctic Co-operatives, both in the central and local organizations, to focus almost entirely upon the needs of their businesses. Thus, though co-operatives had played an important role in encouraging the deepening Inuit/ Inuvialuit sense of identity in the period – and was so evident in the development of the Inuit Tapirisat and the emergence of the land claims issue – the co-operatives became less evident than they had been in Aboriginal politics; less obvious as the primary voice for the development of an Inuit-led economy. It is a trend that is important in understanding the place of co-operatives a decade or so later.

Creating Stability

Because of the influx of funding and its growing managerial ability, CAFC and most of the co-operatives did well until the early 1980s. The art business grew steadily, the operations of local co-operatives improved considerably, and the competence of leaders, both elected and paid, improved. Then the high interest rates so typical of the 1980s began to have their effect. By 1984, the entire system was facing bankruptcy. The dawning crisis precipitated the amalgamation of Canadian Arctic Producers and the Canadian Arctic Federation of Co-operatives to form Arctic Co-operatives Limited (ACL) in 1982. The new organization consolidated its offices, one of which was in Yellowknife, the other in Ottawa. After researching a number of locations, it located its head office in Winnipeg in 1985, a move that would save an estimated $450,000 annually. The move also permitted the organization to distance itself somewhat from government and the kind of binding, official and unofficial, that had emerged from the financial support given in the later 1970s.

The most important step in achieving increased autonomy, however, came with the advent
of the Arctic Co-operative Development Fund (ACDF). Amid the problems of the mid-1980s, the federal government advanced $5 million through its Native Economic Development Programme to help local co-operatives purchase supplies and modernize their facilities. The Department of Indian Affairs and Northern Development advanced another $5 million for the refinancing of the co-operatives. The Government of the Northwest Territories wrote off $1.5 million it had invested in a parka factory that it had encouraged Arctic Co-operatives to take over some years earlier, and advanced

$500,000 for development projects within local co-operatives. These funds made it possible for Arctic Co-operatives to deal finally with the immense cash-flow problems created by the annual ordering programme of its central and local organizations. Most significantly, the funds were administered in such a way that nearly $10.5 million went into a new organization – the Arctic Co-operative Development Fund – in effect, a revolving fund that created a permanent capital pool and meant that local co-operatives did not have to borrow significant funds from other financial institutions.

Since 1985, the northern co-operatives and Arctic Co-operatives have enjoyed almost uninterrupted success. ACDF has grown to nearly $28 million, making it one of the most successful Aboriginal funds in Canada. Between 1985 and 1999, more than $15 million were returned to local co-operatives – money that otherwise would have gone outside the region to investors in other stores in the North. The trajectory of dividends has also been almost consistently upward and the amount returned in the last few years has been approaching $2 million. The consolidated asset base has grown from $15.5 million in 1982 to more than $82 million in 2000. Membership has increased to over fifteen thousand, and the number of employees has increased to 740, almost all of them Aboriginal peoples. The art programme sells the work of more than a thousand people. A multiyear information system has been introduced and the hotel chain operated by the co-operatives has embarked upon a programme of upgrading its facilities.

Lingering Issues

The development of the co-operatives in Nunavut, the Northwest Territories, and the Yukon is a remarkable story involving the mastering of difficult business situations. One cannot under-estimate the complexities of conducting business across such a vast region as that served by Arctic Co-operatives. The sheer distances involved, the difficult (and expensive) transportation systems, the high costs of northern construction, the challenges in creating uniform and effective accounting systems, the difficulties in building viable businesses in communities, many of which contain only three to seven hundred people – all of these elements would strain the capacity of any entrepreneurial organization. Those struggles continue, as they always will.

Beneath all these challenges lies a constant issue: the continual demand for well-trained people, both elected and employed. One of the casualties of the 1980s was the decline of training programmes, partly the result of declining government support, partly of budget cuts within the co-operatives. The inadequate training of personnel has subsequently affected the rate at which Aboriginal people have been able to assume leadership roles within the co-operatives. It has been less of a problem on the elected side of the leadership equation. Boards at the local level are almost entirely made up of Aboriginal people, as have increasingly been the boards of Arctic Co-operatives and the Arctic Co-operative Development Fund.

The main problem has been at the managerial level, where most of the managers, some of them albeit long-standing residents of the North, are typically southerners. While appreciative of the efforts of these transplanted leaders, the co-operatives have long stated a desire to develop more Aboriginal managers, not only to provide more opportunities for northern youth, but also to ensure that the most public face of the co-operatives reflects the realities of the memberships.

The challenge of developing managerial capacity, of course, is broader than an internal issue for the northern co-operatives. It is in large measure a consequence of the shortage of educational opportunities in the North. It is further complicated by the way in which government policy for educational – and for key economic –development has unfolded in recent years. The federal government, since the release of the *Report of the Royal Commission on Aboriginal Issues,* has emphasized decentralized decision making in the political organizations of Aboriginal peoples, in the North Regional Inuit Associations, and the Inuit Tapirisat. It has preferred contracting out the delivery of services through subsidiaries of the Aboriginal organizations – community economic development organizations and development corporations owned by shareholders on a regional basis – NUNASI Corporation in Nunavut, for example, and the Qikiqtaalik corporation in the Baffin Region. In fact, the proliferation of development corporations in response to the government decentralization efforts, the natural desire of local communities to control their destiny, and the need to find ways of channelling money from land settlements into communities have been some of the most important changes in the financial infrastructure of the Arctic region in recent years.

While these changes were understandable, particularly within the framework of the Canadian Aboriginal Economic Development Strategy, they have had the effect of isolating somewhat the Arctic co-operatives. The Arctic co-operatives span the region and work on a system-wide basis that does not coincide with the regional emphases of the unfolding policy framework. The issue has been complicated by the fact that the co-operatives are not entirely Aboriginal, thereby making them unacceptable for much of the new funding allocation system. It is an unfortunate situation since the co-operatives are well over 90 percent Aboriginal in membership and they have served as particularly effective instruments for Aboriginal entrepreneurship. In a way, the current practice undermines one of the historically most important forms of Aboriginal participation in the market-place.

The issue becomes vitally important because it largely excludes the Arctic Co-operatives from region-wide participation in the Aboriginal Human Resources Development Strategy. It has meant general exclusion from the Aboriginal Capital Corporation, although studies are underway to see if the problems can be addressed. Both issues are critical for the development of co-operatives in the Arctic, and there is some need for discussions with the leaders of Aboriginal organizations and government officials to ensure that the co-operative model, which has been so beneficial to Arctic people and their communities, is not unintentionally or thoughtlessly ignored in the future.

Lessons Learned

Along with the Aboriginal co-operatives in Nunavik, the case of Arctic Co-operatives is the most successful Aboriginal experiment with co-operatives in Canada. What explains the successes ACL has achieved? The following factors seem to be particularly important.

- There were several clear needs that the co-operatives could meet.
- The Inuit and Inuvialuit were receptive to the idea of co-operatives.
- There was a small coterie of champions who made major contributions to sustaining the co-operatives, particularly in the early years.
- There was a profitable business– the art business – that provided important income over the years.
- There was sufficient funding to permit success despite adverse economic pressures and the complexity of conducting business over almost the entire Arctic region.
- Progress was not achieved quickly or easily.
- The co-operatives managed to separate themselves from too close a relationship with governments.
- They have developed an innovative funding system through the Arctic Co-operative Development Fund.
- The development of human resources is the most important underlying challenge confronting co-operatives.
- In particular, there is a need to develop Aboriginal leaders as expeditiously as possible.

They are lessons that might usefully be kept in mind by those wishing to start Aboriginal co-operatives in other parts of Canada.

Ikaluktutiak Co-operative Limited - Update 2000

Cambridge Bay, Nunavut
Case Study Analysis Prepared by Juliano Tupone

The community of Cambridge Bay is located on the southeastern side of Victoria Island in

the territory of Nunavut. The community has approximately thirteen hundred residents, of which 75–80 percent are Inuit. An arctic char fishery was started in 1959, using a co-operative structure. The co-operative was incorporated in 1967. As Andrew Goussaert stated (referring to the establishment of two northern co-ops), "Both co-ops started from nothing." In the early years of northern co-operative development, there was little if any support from governments, but communities were still able to develop viable businesses using the co-op model. In the early 1970s, residents began a retail/grocery operation using the existing fishing co-operative.

History

The Ikaluktutiak Co-operative has enjoyed significant success and expansion during the past thirty years. A business that started out as a small fishing co-operative has expanded operations over the years to become a very successful and important community-owned venture. Many people, such as William (Bill) Lyall and Andrew Goussaert, point out that there is a natural fit for co-operatives in Inuit communities. Bill notes that co-operation has always been vital to the survival of the Inuit people, who initially lived in small settlements where all relations worked together and helped out other settlements as well.

Despite the suitability of the co-operative model in Inuit communities, the Cambridge Bay co-operative faced certain barriers in the early stages. Financing was a major issue; there were few funds available to begin operations, even from the various levels of government. As Bill put it, "If we needed ten dollars, they gave us one." Adding to the lack of financial resources were issues of operational space, and abandoned buildings were used to house the first co-op facilities in Cambridge Bay. Human resources also presented a barrier as there were few, if any, people in the community with the necessary training or education in business operations and management to run the co-op.

Although financial resources were limited when the co-op was started in Cambridge Bay, there was a network of people who assisted the community in setting up the organization. Andrew Goussaert, for instance, was involved with the establishment of the co-op retail store, as well as with other initiatives in northern communities, such as the co-op in Gjoa Haven on King William Island. The co-op model has proved to be a natural fit in Inuit communities, but there have been difficult periods, particularly in early 1980s, when several northern co-ops were facing bankruptcy (Wuttunee 1992, pg. 84).

Since the co-op was first established as an arctic char fishery in the 1960s, operations have expanded into other areas. The retail store opened in the early 1970s and has since become the main operation of the co-op. In addition to the retail store, the co-op operates a hotel, a taxi service, and a cable service. The fishing operation is approximately 51 percent owned by the Government of the Northwest Territories. The success of the co-op in Cambridge Bay is at least partially due to strong support for the co-op system in northern Canada. In 1972, the Canadian Arctic Federation of Co-operatives was incorporated; in 1982, this organization amalgamated with Canadian Arctic Producers to became Arctic Co-operatives Limited (ACL). ACL is owned by forty-two member co-operatives located throughout northern Canada. It provides accounting and auditing services for members; marketing; merchandising and purchasing; training and education for managers and board members; and management advisory and support services.

ACL's lack of adequate financial resources, however, led to serious difficulties for ACL and its members. In 1986, to alleviate some of these problems, the Northwest Territories Co-operative Business Development Fund (later the Arctic Co-operative Development Fund, ACDF) was established, infused with more than $10 million in capital contributions by the territorial and federal governments (Wuttunee, pg. 83). Despite barriers to economic development such as geography, climate, and isolation, northern co-operatives such as Ikaluktutiak have managed to survive periods of financial instability, and with the combined resources of ACL and ACDF, have become quite successful over the past two decades.

Education and Training

Northern co-operatives have experienced significant difficulty with respect to co-operative education and training. Initially, outside managers were brought into Cambridge Bay to work for the co-op. It is difficult to train members of the local community in business and co-operative principles, although it has been done with success at various times. After the passage in 1978 of a unanimous motion to train northerners for employment in the co-op system, officials established a joint federal-territorial programme. During the late 1970s and early 1980s, with the assistance of the Co-op College, ACL initiated a training programme based on competency-based modules for the co-ops under its umbrella. The programme was of a sufficiently high standard to be used for credit in similar education programmes at a college in Ft. Smith. ACL also participated in a distance education programme with the University of Regina. As Bill noted, several local managers have been trained within the co-op system over the years, but they tend to move into better paying government positions.

ACL still provides some training for co-op board members and delegates to annual general meetings, holding orientation workshops for new delegates as well as veterans on the first day of each AGM. These workshops address items such as understanding financial statements, the ACL federation, and co-op philosophy in general. Apart from this, member training has basically come to a halt due to financial difficulties, although there is still a significant need and desire to train local people to work in the northern co-op system. At the ACL/ACDF Annual General Meeting in May 2000, motions were passed to initiate more training for northern natives and Inuit. Although there is currently a lack of financial resources for such an endeavour, delegates at the AGM sought support in principle from a representative of the Nunavut government.

The co-op in Cambridge Bay is experiencing similar difficulties. Bill noted that the directors and members of the Ikaluktutiak Co-op would like to see more support from government to develop training and education programmes to enable more Inuit to work in the co-op system. This situation is common to many, if not all, of the northern co-ops. Some people have also noted the need for more public education regarding the benefits of co-ops, adding that if Aboriginal and other government leaders had a better understanding of these organizations,
it would likely lead to more support for the co-op model. While many do need to learn more about the benefits of co-ops and the co-op system, it appears that an understanding of co-operative principles and values is increasing among political leaders. As several ACL officials have noted, many northern political leaders began their careers in the co-op system.

Community Impact and Involvement

The Ikaluktutiak Co-operative has had a number of significant and positive impacts on the community of Cambridge Bay. To begin with, it has been very successful at providing employment to community members in the various operations it runs. When the fishing operation was owned by the co-op, there were close to one hundred employees, and the retail store currently provides approximately twenty-seven full-time and twelve part-time jobs to community members. It is also important to note that the nature of co-operatives enables the Ikaluktutiak Co-op to play a vital role in recycling capital within the community. Profits generated by the co-op stay within the community in the form of patronage dividends and reinvestment in business operations. Businesses not owned by community members do not provide the same positive economic impact.

The co-op has also made a positive social impact on the community. As noted earlier, the co-operative structure fits well with Inuit culture, and the democratic nature of co-operatives allows community members to play a significant role in deciding what direction the co-op will take. Other Inuit cultural traditions are also reflected in the co-op, such as fishing, hunting, and arts and crafts. The co-op runs an arts and crafts operation, supports hunters, and is still involved with the commercial fishing operation, although to a lesser extent than in years past.

Members of the community have of course played an important role in making the co-op successful. Several Elders were instrumental in starting the co-op, although there is not as much Elder participation as there once was. Women did not play a large role in the early stages, but have made a significant contribution to the success of the arts and crafts operation, in which more and more women are becoming involved. Youth are not particularly active within the co-op, and although several youth are employed in the retail store on a full- and part-time basis, there are currently not any initiatives targeted specifically towards youth.

Financial Information

The Ikaluktutiak Co-op experienced some financial difficulties in the 1990s, primarily in the form of a net loss, which occurred in three fiscal years—1996, 1997, and 1998. Return on equity (ROE) was negative during the same years in which a net loss was experienced, as ROE is based on net sales (loss). There were also a few years in which the co-op experienced a decrease in sales compared to the previous year.

Despite the decrease in sales, however, there was an increase in members' equity in all but four years throughout the past decade, as is indicated by positive percentage changes.

	1989	1990	1991	1992	1993	1994
ROE	41.13%	27.76%	25.93%	18.35%	0.86%	6.85%
Change in Sales	–	5.05%	8.13%	2.62%	-9.16%	11.37%
Change in Assets	–	62.58%	5.14%	1.63%	-5.71%	4.61%
Change in Members' Equity	–	20.01%	21.94%	9.84%	-8.84%	6.20%

	1995	1996	1997	1998	1999	2000
ROE	2.40%	-9.95%	-12.66%	-4.86%	13.30%	–
Change in Sales	-7.52%	-3.50%	-14.87%	2.53%	-0.49%	–
Change in Assets	47.97%	-0.36%	-8.35%	7.80%	-2.46%	–
Change in Members' Equity	-0.72%	28.00%	-40.49%	-1.48%	10.60%	–

Barriers to Development

There are significant barriers to development with which the Ikaluktutiak Co-op and other northern co-ops have to contend, the major items being financial and human resources issues. There needs to be more training and education relevant to the co-op system and business provided to people within the community. There is also a need for management training, to enable Inuit from the community to fill management roles in their own co-op, Ikaluktutiak, and possibly other co-ops in the future. And there is certainly a need for financial resources to develop and maintain such initiatives.

Logistics is another area of difficulty for northern co-ops such as Ikaluktutiak. Due to the isolation of many communities and the long distances that suppliers need to travel, expenses are quite high. ACL has been working hard to keep costs down so that merchandise is affordable for member co-ops. At the recent AGM, a number of delegates put forth motions pertaining to the cost of goods, and much time was spent discussing ways in which costs could be brought down to ensure that the co-ops remain competitive with other businesses such as the Hudson's Bay Company's Northern Stores.

The Ikaluktutiak Co-op also faces some challenges that are common to many co-ops in both the North and South. Ikaluktutiak has approximately fourteen hundred members represented by a nine-member board of directors. Not all members of the co-op are active, and not all community members are co-op members. Despite its positive attributes, it can be difficult to get members to participate in the co-op, and it is sometimes hard to convince people to support the co-op directly by using the services provided. Active participation in the management of the co-op, such as attending meetings and sitting on committees, is sometimes not as high as it could be. And it is also not easy to communicate to co-op members that since the co-op is a business owned by them, the profits stay within the community and provide benefits to it.

Future Endeavours

Ikaluktutiak Co-operative has some challenges ahead. The northern co-op system, in general, is going through some trying times with respect to finances, logistics, and human resources. The recent ACL/ACDF Annual General Meeting highlighted the future plans of several co-ops similar to Ikaluktutiak. There are plans in place to expand into operations that may enable ACL and its members to reduce costs. There is talk of purchasing barges to reduce freight costs. Co-ops such as Ikaluktutiak are exploring ways in which to purchase assets, such as buildings to house facilities. Several members of northern co-operatives have made it clear that there needs to be more communication between ACL and its member co-operatives. Co-ops such as Ikaluktutiak will be instrumental in ensuring that ACL and ACDF are effective in providing needed services and resources that will enable them to expand and remain viable in the future.

Works Cited

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Ikaluktutiak Co-operative Limited – 1992 Original Study

Cambridge Bay, Northwest Territories
Case Study Analysis prepared by Wanda Wuttunee[1]

A commercial arctic char fishery that started in the late 1950s marked the beginning of the co-operative movement in Cambridge Bay, a community on the southeast coast of Victoria Island. More than thirty years later, the co-op is thriving and operates a number of businesses in the town: a retail outlet that sells groceries, dry goods, and hardware; a twenty-four room hotel; a large commercial fishery; an arts and crafts outlet; a taxi and freight service; a commercial bakery; and a cable television service. During the peak summer season, the co-op employs forty-five to fifty full-time staff and is a major employer of native people in Cambridge Bay.

William (Bill) Lyall has been involved in the operations of the co-op store in Cambridge Bay since 1974. He was elected to the board in 1981 and now serves as president. Bill attributes the success of the co-op to the support of the community, which has grown over the history of their operations. He feels that the personal service he and his staff are able to offer to family, friends, and neighbours in the community of 1,000 people makes all the difference. The co-op has been able to return a healthy proportion of its savings, when annual profits were available for distribution, directly to their customers as dividends, in recognition of their dedicated support.

The Cambridge Bay co-op is a member of Arctic Co-operatives Limited (ACL), an umbrella organization that serves forty-one member co-operatives operating in the Northwest Territories. A history of the co-operative movement in the territory and the co-op in Cambridge Bay is presented in the following section.

History

Co-operatives began over 150 years ago in Britain, and have grown and even flourished in some parts of the world. They are a means for economic activity to be controlled by the workers or co-op members and operate on significantly different principles than are followed by private enterprise. There are six main principles that all co-operatives adhere to and they are described in a brochure entitled, "The Co-Operative Movement in the Northwest Territories: An Overview 1959–1989."[2]

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[1] This case study first appeared as chapter four in Wanda Wuttunee, *In Business for Ourselves: Northern Entrepreneurs – Fifteen case studies of successful small northern businesses* (Montreal and Kingston: McGill Queen's University Press, with The Arctic Institute of North America and The Faculty of Management of the University of Calgary, 1992). It is reprinted with permission.

1. Membership in a co-operative is open to anyone who uses its services and willingly accepts membership responsibilities.
2. A co-operative is administered by people who are elected or appointed by the members and are accountable to them.
3. Members are issued shares but receive little or no interest on those shares.
4. When a co-operative has a surplus of earnings from its operations then this surplus may be reinvested in the business of the co-op, invested in common services, or distributed among members in proportion to the value of their transactions with the co-op.
5. Education of its members, employees, executive, and the general public in understanding co-operative principles is a priority.
6. Co-operation among co-operative organizations is encouraged on a local, national, and international basis.

A co-operative exhibits a number of unique features that differ from a privately owned business. A co-op is owned by its members, who are often its employees. Profits are distributed according to the directions of its members, and a percentage is usually returned to its members in the form of patronage refunds. Each member has one vote, and co-operatives thus provide a means to introduce democracy into the decision-making process. As other parts of rural Canada successfully established co-ops, the federal government introduced co-ops to the Northwest Territories in the late 1950s. It was an attempt to establish an economic base for the indigenous population.

In 1972, twenty-six of the existing NWT co-ops became founding members of the umbrella organization that later became Arctic Co-operatives Limited. ACL is a central organization that provides services to member co-ops, including accounting and auditing functions, purchasing and marketing assistance, management support and advisory services, and training and education for managers and directors. Its mission statement is: "To be the vehicle for service to, and co-operation amongst, the Northwest Territories co-operatives; hence, providing leadership and expertise to develop and safeguard the ownership participation of the northern people in the business and commerce of their country, to assure control over their own destiny."[3]

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[2] Arctic Co-operatives Limited, "The Co-operative Movement," p. 4.
[3] Arctic Co-operatives Limited, "The Co-operative Movement," p. 15.

Assets and equity in ACL reached an impressive $14 million and $5.9 million respectively over the ten-year period from 1980 to 1989. Revenues have grown steadily to more than $35 million in 1989, and net earnings have reached more than $1.6 million. The major recession experienced in the Canadian economy, however, had a great impact on the financial health of ACL in the three-year period from 1982 through 1984.

In order to meet this challenge, ACL consolidated operations and moved its headquarters from Yellowknife to the less expensive city of Winnipeg, Manitoba, and sold several buildings. These decisions helped reduce operating costs by more than one-third. In October 1986 the Government of the Northwest Territories wrote off more than $1.4 million in debt owed by ACL. Many member co-ops organized aggressive membership drives to ensure the survival of co-operatives in the territory. ACL has regained financial stability and is set to continue growing in the future.

Its minimal financial resources created difficulties for ACL and its members in raising funds to meet the capital needs of member co-ops. To deal with this situation, the federal and territorial governments provided $10.2 million in capital contributions to the Northwest Territories Co-operative Business Development Fund in 1986. The fund is itself a co-operative, owned and controlled by Northwest Territories co-ops. Loans are made available to member co-ops for expansion, refinancing existing debt, and short-term financing for annual resupply inventory. Interest from the loans goes into the fund and patronage dividends are issued to its members. For example, for every dollar of income received by the fund in 1989, 64¢ was issued as patronage dividends. There have been no loan defaults in the history of the fund, which grew to $11.4 million in 1989.

Northwest Territories co-operatives are clearly an important source of revenue and employment for Northerners, with revenues of $44.6 million in 1989. In 1989, ownership by individuals in their local co-operatives was at 27.4 percent, which indicates a reasonable level of equity invested in the co-operative movement in the Northwest Territories.

On an individual basis, the Ikaluktutiak Co-op has built up a healthy group of successful businesses. As previously mentioned, the fishery was the first co-operative endeavour. It led the way for the construction of the hotel by local labour in the mid-1970s and then the retail outlet in 1981.

Bill Lyall was hired by the board of directors in 1974 to manage the co-op, improve services, and counter pilferage. At that time, Bill had closed his taxi company because he had been recently elected as a member of the territorial legislative assembly. He recalls, "We only had four meetings a year in those days so I had lots of time on my hands to get involved with the co-op."

Bill has taken an active role in the community at the local, regional, territorial, and national level. He is president of the local co-op. He represents six communities at the ACL board meetings and sits as president of the board. He is also president of the territorial Co-operative Business Development Fund. Bill sits on the board of Tuttavik, a joint-venture between ACL and La Fédération des Co-operatives du Nouveau-Québec wholesaling northern arts and crafts to southern Ontario. He is also a member of the board of Northland Utilities and Canadian Airlines North. He is a past member of the Water Board and the Native Economic Development Program Fund board, and past president of the Arctic Coast Tourist Association.

Bill was elected president to the board of ACL in 1981, when 80–85 percent of the co-ops were on the brink of bankruptcy. One strategy to deal with the crisis, the one that worked for the Cambridge Bay co-op, was a membership drive. The co-op now has approximately 460 active members, close to 50 percent of the community and 90 percent of the adults.

Bill recalls, "We tried to get more interest in the store but it wasn't working. In the beginning, people used us when they couldn't charge any more at the Bay. We finally got through to quite a few people that this is their own business and profits stay right here. We proved that with the dividend payments." The majority of co-ops survived the three-year slump in the early 1980s and have gone on to accomplish many of their goals. This has brought Bill a great deal of personal satisfaction.

Bill enjoys his various positions, especially his involvement in ACL. "There's always some new thing that comes up so it's an interesting job. I am also very proud that the whole organization of co-ops is the second largest employer of native people in the Northwest Territories, after the territorial government. I think one of the biggest thrills Eskimo people have with our business is that it's our own business. Generally native people in the communities own the co-op, but we hire white people to run the biggest part of it for us. People see at last, we're not working for the white man, but the white man is working for us."

Operations

A lifetime membership in the local co-op is available for $15 to anyone over eighteen years of age, with no residence requirement. As previously mentioned, there are approximately 460 active co-op members in Cambridge Bay. Once a member builds up his equity through store purchases to $1,500, then he is eligible for dividends based on a proportion of total purchases. Equity is allowed to build up to $7,500, and then the member receives cash for any excess equity that is earned above the ceiling. Each member receives one vote and may attend the annual board meeting.

There are nine board members from the community who are elected for one-, two-, or three-year terms at the annual meeting. The board executive includes the president, first vice-president, and the secretary-treasurer. There are no honoraria because membership is a volunteer service for the benefit of the community. The board guides the co-op's operations and recently drafted a five-year plan incorporating suggestions from the membership. Bill notes, "This is one of the new things that we try to encourage all the co-ops to adopt so that they can continue their success."

The board meets once a month and handles complaints, policies, planning, and other issues of interest, with management handling the follow-up of these matters. Bill states, "I might talk to drivers going too fast or to a kid who is stealing stuff out of the store. The board of directors give a lot of direction to management."

The major source of revenue is generated from the retail grocery outlet. In 1989, retail sales were 69 percent of total sales, with the hotel revenues at 15 percent, the fish plant generating 9 percent, and general contracts, including the cable service and delivering mail between offices and the airport for the government, accounting for 7 percent of total revenues.

Retail Outlet

John Senow, a merchandising specialist with ACL, is the temporary general manager in the retail outlet. He has thirty-six years of experience in wholesale and retail sales and store engineering. He freelances for ACL when a store needs his help, for example with staffing, cash flow, or low sales. He expects to be in Cambridge Bay until September 1990, when they hope to have hired a general manager and a produce manager for the co-op.

John is streamlining operations. "I will do a stock relocation which means relocating all similar products together and generally improving the functional end of the business." The retail outlet is 10,000 square feet and carries groceries and dry goods. It has a loading dock, storage space, an office, an arts and crafts outlet, and a sewing center. It is the second largest retail co-op in the territory.

Any co-op member may have an account with the store. The usual amount charged is $150 every two weeks. Very few people have accounts over $500 and Bill monitors account levels very closely. He says, "We do not send bills that accounts are overdue the way that Northern Stores does. It is a personal touch, because if you keep sending somebody bills marked overdue they won't pay. If someone is slow in paying then I go personally and see what payment plan can be worked out. Generally they respond positively."

The craft shop is handled by the administration office. Two staff people order crafts from Canadian Arctic Producers for the tourist market. (Canadian Arctic Producers is the arts and crafts wholesale marketing arm of ACL, and Northern Images handles the retailing of these goods.) There are only four local carvers but they do not create a large number of items. Bill notes, "The government tried to start carving here with the attitude that all Eskimos are carvers. That's not true. They soon found out that we weren't all carvers. We hire women to do some sewing in the wintertime. We don't mass-produce products like we used to because it tied up a lot of cash. What we do now is produce smaller items, for instance, lots of duffel bags that can be sold quickly."

John adds, "Right now we have quite an inventory of fabrics and skins. We've already got some ladies started on using sealskin for men's vests and we'll see how they turn out. [The vests] don't require much time and there is a demand for them. Now, with the weather turning colder, we can go into more products such as sealskin slippers, mitts, and gloves. We also buy finished products from the community if we think that there is a market for them."

Fishery

Bill manages the fishery, which operates seven days a week from the first week in July until the first week in September. He is the only person with the expertise to maintain the equipment, so he is on call throughout the whole season. Seven to ten fishermen are hired to net the arctic char. The fish are gutted and gilled before being flown to the fish plant and trucked in to be weighed, washed, hung, and freeze-blasted. After freeze-blasting, they are graded according to size: two to four pounds, five to seven pounds, eight to ten pounds, and over ten pounds.

The fish are boxed in packages of seventy-five pounds each and stored until there is enough inventory to be shipped to the Freshwater Marketing Corporation in Winnipeg or to fill orders from other communities. The Freshwater Marketing Corporation is a Crown corporation that was formed to market all fish caught in the Northwest Territories for export to markets in Canada and the world. Orders are filled as promptly as possible due to the high power costs associated with plant operations. The fishery provides seasonal employment for about seventy people in the community, including the fishermen. All age groups are hired to work at the plant, including students, as long as they can see over the sink to wash fish.

Hotel

The hotel has twenty-four rooms and operates a dining room geared to the needs of its hotel patrons. There are no choices on the menu and meals may be purchased by townspeople. The cook is encouraged to offer home-cooked meals. Country foods may be ordered by the guests in advance and include caribou, musk ox, and arctic char. The hours of operation are 7:30 a.m. to 7:30 p.m. There is an in-house bakery that provides baked goods to the hotel and sells the rest to the public. Ten people handle the cleaning, cooking, and baking in the hotel. Most receive on-the-job training, since few have any previous experience. No liquor is served in the restaurant in compliance with a motion banning alcoholic beverages, which is supported by local co-op members. A liquor license can be obtained for special occasions, for example a wedding reception, in the meeting rooms.

The bakery was started in the hotel seven years ago as a government project. People who showed an interest in that area were given training. Turnover is high because it is a hot, demanding job. After the co-op took the bakery over, they tried supplying other communities with baked goods. There was a strong demand for their products but the transportation costs were prohibitive. Bill explains, "I shipped the same type of seventy-five-pound package to Resolute Bay, Calgary, and to Norman Wells. It cost $208 to ship to Resolute Bay, $123 to Norman, and $87 to ship it to Calgary. The freight rate from Cambridge Bay to Winnipeg is $1 a kilo and to Spence Bay is $3.25 a kilo. The freight rates killed us. They had to start selling a loaf of bread for $6, which is too expensive."

Taxi, Contract, and Cable Services

Bill organizes the taxi service, which is offered seven days a week from 9:00 a.m. until 8:00 p.m. The co-op has three vehicles. Two are used for fares from the hotel, from the airport, and around town. The third vehicle is used to deliver mail from the airport to the government buildings. In the summertime, there are two full-time drivers, with Bill filling in as required. They have four full-time cabbies in the wintertime. Prior to the purchase of the cable company, the hotel received one television station. It now receives thirteen channels.

Licensing requirements are specific to each co-op business. The co-op has licences for import and export, radio, tobacco, fur dealing, food, as well as a local business licence. It also carries a firearms certificate.

Bill is heavily involved in all operations at the local and the territorial level. He enjoys travel to other communities but does find the demands on his time with the fishery to be trying at times. He says, "I try to take the weekends off but it's very hard unless I go and hide. My wife is a teacher and usually takes extra courses in the summer so she and I are busy at the same time. She sits on the local co-op's board of directors and is involved at that level."

Staff

Locating and keeping reliable, skilled employees is the major problem facing the retail outlet, the fishery, the taxi service, and (to a lesser extent) the hotel. There are twenty-seven full-time employees, with seasonal employment at the fishery adding forty or fifty more. Turnover is constant, and people rotate through companies in the community. They will work at the co-op, the Northern Store, then for the government or a private corporation.

There are few trained local people for the more skilled positions. Many of the people who have been trained work for the government. The co-op's policy is to hire locally if possible; to bring someone into the community is second best. John describes the difficulties in attracting someone to the community. "I think one of the hardest things is to get mature people for management positions in the North. We want more mature people, but a person in their late forties is usually set in their life. They don't like to move to the North, so it is very difficult for us to find suitable candidates."

These problems of high turnover and a finite skilled labor pool have implications for the five-year plan. The co-op cannot expand or try business opportunities that require a large number of employees. It seems to have reached a plateau where it can operate successfully with the staff situation. Several strategies are being employed to address these staffing problems.

Education and training are promoted among the young people and adults in the community. A greater number of skilled people to draw on locally will mean more options for further development of co-op businesses. Bill comments,

> Arctic College provides different courses. There are problems, however, because first of all, people have to want to go to take upgrading and other courses; and second, once they decide to try, often the courses are too hard because they don't have the required background. For example, to take a good bookkeeping course you need grade 10 or more. I took two courses but I just couldn't go through the whole thing because it was tough.
>
> Older people seem to have a greater desire to upgrade their education than a number of young people, who drop out of school and don't have the skills to get good paying jobs. The kids that have graduated from grade 12 and want to go on to college or university are now working for the government at wages between $11 and $17 an hour. We just can't afford to pay them that kind of money when they come back to the community.

Other strategies include increasing salaries and benefits to compete with well-paying government employment, better staff recognition, and increased staff responsibility. Bill states, "With better profits, we plan to start paying better salaries. For reliable and loyal staff, we will try to accommodate their requests for holidays and sometimes may help pay their airfare."

Bill describes a new policy. "We are trying to let people know that they are doing a good job by presenting awards at our annual meeting. ACL is encouraging all co-ops to recognize their staff in some manner."

Bill will hire anyone who can handle the job. This includes handicapped people and members of the same family. All employees are treated equally and are given a chance to work through any problems. Bill notes, "We try to work out difficulties but we keep that code in mind about three times late or three times not to work without a reason are grounds for divorce between you and your job."

Bill describes his philosophy:

> I try to give staff responsibility because it gives them input into the operation and they will be encouraged to perform. It takes time, but it will happen. I have a deaf and dumb girl on the checkout there. I've given her a little responsibility and she's really picking it up. We also have handicapped people in the hotel and at the fish plant. They are tremendous people to work with and if you give them a little bit of responsibility you see them meet the challenge. It's almost like a football player that you work with closely and in the end, you get results.

Competition

The Northern Store is the only competitor operating in Cambridge Bay. The co-op store prices its goods to remain competitive, with a 15–25 percent mark-up to cover expenses and to contribute to a fund for future expansion. Bill would never engage in a price war with the Northern Store because the co-op would not gain any advantage. The co-op relies on local ownership and patronage refunds to build customer loyalty. They also advertise their monthly specials in flyers that are delivered to co-op members.

There is one other hotel in town. It has five rooms with kitchenettes but no restaurant. Another hotel is being built that will have approximately sixteen rooms, but it will probably not operate year-round. Bill does not know how this will affect business but he hopes that the hotel restaurant will help attract customers. Advertising for the hotel is carried in regional magazines that are distributed on aircraft, and travel agents receive quarterly updates through ads in large newspapers. There is no other fishery or bakery in town. There are two other taxi companies, but they are not very active.

Financial Information

The co-op relies on a variety of funding sources for meeting its needs. Revenues generated by the various business interests are reinvested in the businesses according to the direction of the board. Government funding plays a role in expanding existing services and investing in new business. Finally, the co-op seeks funding from the territorial Co-operative Business Development Fund or a bank when it is necessary.

Daily reports are compiled and faxed to the ACL office in Winnipeg, where payroll and monthly financial statements are generated on a computer. The Cambridge Bay co-op receives its information reports in about thirty days; these give detailed breakdowns of revenue flows by product and business. Reports are generated for every Northwest Territories co-op so that problems can be identified quickly and remedied immediately.

Table 1: Financial Information for Ikaluktutiak Co-operative Limited

	1986	1987	1988	1989	1990
Return on Equity (%)	83	40	44	42	30
Sales/Assets (times)	1.97	1.85	1.94	2.14	1.41
Wages ($000)	232	265	392	438	456
Patronage Refunds ($000)	164	163	107	236	325

Table 1 presents some consolidated financial information for the co-op's businesses over the five-year period from 1986 through 1990. The return on equity (ROE) ratio gives an indication of the return from business profits on the shareholder investment by comparing profits with shareholder equity. As indicated in the table, the ROE for 1986 is very high at 83 percent. Revenues from the various businesses were very good, and the gross margin was reasonable, and these were reflected in the net profit. In fact, the net profit in 1986 is similar to the net profit earned in 1990, but the shareholders' equity was almost three times greater in 1990. This explains the declining but still healthy ROE. The rate of growth in shareholders' equity out-stripped the steady but slower rate of growth in net pre-tax profit over the period. For every dollar invested by a co-op member, revenue earned ranged from 30¢ to 83¢. Even though ROE has declined, a 30 percent ROE is an indication of a healthy business.

The sales-to-asset ratio indicates how many times each dollar invested in company assets generates revenue. If the ratio is low, then the company may need to invest in more assets to build the capacity to generate more revenue. The co-op businesses in aggregate generated close to twice the revenue for every dollar invested in assets for the first four years recorded in the table. This ratio dropped to 1.41 times in 1990, which reflects the increased investment in assets during the year. Increased revenues from this investment would not yet be recorded in the financial statements.

Salaries have grown steadily and peaked in 1990 to more than $456,000. This is a 180 percent increase over 1986 salaries and reflects the increased business activity. Patronage dividends were declared in each year of the five-year period and ranged from $107,000 in 1988 to $325,000 in 1990. Patronage refunds range from 36 percent to 92 percent of net profits after taxes. This is a healthy return on the investment made by co-op members.

The next sections will identify a number of reasons for the success of the co-op and areas for improvement.

Reasons for Success

The Cambridge Bay co-op has one of the most viable operations of its type because of the volume of business it generates through the strong support of the community. It is a major presence in the community as an employer and promotes circulation of money in the community through its patronage refunds. Bill Lyall has had a continuing positive influence on the operations of the co-op. He promotes a friendly, family-type atmosphere with his employees and customers.

Bill comments on the success of the co-op. "The Native lifestyle works very much around co-operation so that the community will survive. For example, we share meat amongst our extended family. The co-op banks on the support of the community for its continued success."

Bill also notes, "Every part of this organization complements the other." The restaurant and bakery complement the hotel business. Customers staying at the hotel are encouraged to shop at the retail outlet. The retail store provides a needed service to the community, which is complemented by the arts and crafts centre. The fishery provides a means of livelihood for individuals following a traditional lifestyle or who want seasonal employment, while also meeting a demand in the marketplace for arctic char. The cable system provides a service that meets a desire of local co-op members.

It seems to be in the community's economic interests that the co-op businesses succeed. Bill notes, "In the first five days of opening the fish plant, we made out cheques for over $11,000. With the other businesses, the co-op contributes a lot to the local economy with a payroll of about $10,000 every two weeks. Patronage refund cheques are another example of money staying in the community and benefiting local members."

Bill tries to follow a philosophy of personal service.

> I know the people that shop with us personally and I always try to greet them or help someone out who might be short of cash one month. It's just temporary, so I think that kind of a help goes a long way in a small community. I try to keep our staff happy and I encourage our staff to treat our customers

> well. We listen to everyone's suggestions on how to improve our service, but everybody has to work together to have a successful business. If I have a good manager, I try to keep at arm's length from their activities and only become involved if they ask for help. This policy does tend to keep good people here. By giving somebody full authority, they know you trust them and they try harder to make it work.
>
> If someone is sick or wants extra time off, we try to have that flexibility in every part of the co-op, as long as we have a little notice. My job is to make sure everything works right. I work a seven-day week because I always try to have a firsthand look at everything that is happening. I still enjoy my job and the best part is being around people. Nothing else really counts but people. Another big satisfaction is when everything is working like clockwork and everybody is pulling together.

The community benefits in other ways from the presence of the co-op. It is very common for the co-op to donate food or raffle items to local classes or community events. Bill notes, "We have never refused anybody yet." Another project sees the history and philosophy governing co-ops taught in the local schools from a curriculum developed by ACL.

Areas for Improvement

The areas for improvement are mainly human resources and administrative procedure. Bill sees the need for help at the senior management level and for a more educated labour pool. John also sees a need for strong management to fill several open positions and for streamlining operations and redefining responsibilities to increase productivity. These efforts would be enhanced by office computerization.

Bill is very busy running the local operation and meeting his ACL duties. He sees a need for one or two additional general managers to help oversee operations. As discussed in the previous section on staffing, a better educated workforce would benefit the co-op's business ventures. Grade 6 is the highest education level held by current staff in the co-op, except among management.

John identifies a need for strong management to move into two unfilled positions in the retail outlet. He explains, "Strong management is needed in order to maintain the retail operation's viability. There are confusion and wasted efforts among staff, which can be remedied by good management. We want to make operations easier so more responsibilities are shared and better productivity is achieved."

He continues, "All administrative work is done by hand. If somebody comes in for the value of their shares, it is very time-consuming to give them an answer. Computerized check-outs would remedy that situation and also help with inventory control. Pricing merchandise would be improved and we wouldn't have to go through countless files to do an invoice."

Environmental Friendliness

Bill feels that Native people have been raised to be aware of the environment and minimize any negative impact. He sees that more people are becoming aware of the need for better methods of garbage disposal and better filtration for sewage disposal in the community. Bill states, "I think that we have been leaders in Cambridge Bay for bringing in biodegradable materials. We're always looking at new products, especially to replace plastic bags. I must say that disposable diapers are one of the worst pollutants in the Arctic. I see a lot of diapers out on the tundra when I go hunting." Another item of note is that by keeping the fishery going for the shortest period of time possible, the co-op is minimizing any waste products, which might create pollution for the community.

Sustainability of the Businesses

After weathering the slump in the 1980s, Bill is cautiously optimistic about their chances of surviving another economic downturn. He states, "I've got to go through a slump to know if we could survive because people don't spend money. They always have to buy groceries though. We may not suffer as much, but we would suffer."

Future Development

Any plans for future expansion would be contingent on the impact of competition and the availability of skilled labour. Additional services in the short term might include a pizza or fast-food outlet in the store or the hotel. In the long term, a new retail outlet and hotel expansion are possible. Bill explains, "The building which houses our retail operations is ten years old now, but buildings don't last with the kind of weather that we have here. The board of directors is looking for a new piece of land to build a store and perhaps a daycare centre. We may expand the hotel, but we have to see the impact that the new hotels will have on our business first."

Bill has no firm plans for the future but he knows he will always support the co-op, at least as a member. He plans to retire someday.

> I've been with the co-op almost ten years. I took on a challenge that I think has come to an end because the business is successful. I would say get out while everything is working right and then if they get in trouble, they can call me in to help with it. I'm getting to that age when I have to look for something else rather than doing this all the time. I might start a tour operation and live off the land. I like fishing, hunting, and walking. I want to do something that interests me because there are a lot of parties and you could end up an alcoholic quickly. I really don't want that for myself.
>
> I think we have people in place who have the ability to continue operations. However even when you cultivate people as successors, you never know what you are going to get until they take over. I've seen many problems, not only in the co-op system but in other Native organizations, where new people take advantage of their positions.

Summary and Conclusions

The Northwest Territories' experiment into co-operatives has proven to be successful over more than thirty years of operations. There were obstacles to overcome, and these eliminated some of the weaker co-ops down, but in 1991 the co-operative movement is thriving in the territory. A major employer and recycler of capital in local communities, the forty-one co-operatives in the territory seem to be meeting their objective as a means of independence and self-determination for Native people.

Native people are the main source of labour for local co-operatives and the movement has been inspirational and a matter of pride for northern people. Although co-ops must compete with the government in attracting skilled employees, they offer fellow community members the chance for employment in traditional and modern pursuits.

The Ikaluktutiak Co-op in Cambridge Bay is one of the movement's success stories. Under the leadership of Bill Lyall, it has become one of the largest co-operatives. With a payroll over $456,000, this co-op provides employment for twenty-seven full-time staff and an additional forty or fifty people during the summer.

By offering personal service and products at reasonable prices, the co-op has built up community support over the years. Close to 50 percent of the local community are members of the co-op and benefit from patronage refunds amounting to $325,000 in 1990, a significant proportion of net profits. Nine local community members volunteer to assist in the management of the co-op's businesses as board directors.

Through the board of directors and the annual meeting, the quality of services is constantly under review and steps are taken to remedy any problems that may arise. Input is also sought from members about new products or services they would like to see added to the co-op. Bill has been instrumental in promoting friendly, personal service to customers and supportive policies for employees. Good employees are well treated and given responsibility and flexibility for time off. Employees who require discipline are dealt with fairly but will be asked to leave if the problems are not resolved within a reasonable period of time. Another policy worth noting is the co-op's concern for environmentally friendly products and its leadership role taken in this regard.

In a recession, the types of services offered at the retail outlet would remain necessities while the hotel might face a decline in business. In any case, the lessons learned from the recession in the early 1980s will likely see the co-op through any economic downturn.

The future looks bright for the Cambridge Bay co-op. Expansion plans for products and services are being contemplated, including a fast-food outlet, a new retail store building, and an extension to the hotel. Bill's role may change in the future, although he will always support the co-op as a member. He has been active at the local and territorial levels for a number of years and he may decide to move on to other projects. In any case, he feels confident that there are skilled people who would be able to take up the duties of president without any difficulty.

Caisse Populaire Kahnawake

Co-operatives in Aboriginal Communities in Québec

Case Study Analysis Prepared by Jean-Pierre Girard and Isabel Faubert-Mailloux

There are two trends in Québec in terms of co-operative development in Aboriginal and Inuit communities. The first consists of the group of co-operatives in northern Québec (Nunavik). A second co-operative movement has emerged in the financial sector, with the network of Caisses Populaires Desjardins. Experience with caisses populaires in Aboriginal communities is not a new development: there have been caisses in Aboriginal communities since the early 1960s (Huberdeau 1989 (a), p. 22). The first was in Puvirnituq in 1962, although it was forced to close its doors twenty years later, no one having come along to keep it going (Huberdeau 1989 (a), p. 22). The caisses in Wendake (Village Huron) and Mashteuiatsh (Pointe Bleue) are the earliest caisses still in operation today. Both of them were founded in 1965. According to the most recent figures from the Co-operatives Secretariat,[1] there are six caisses in Québec managed by Aboriginal people:[2] Wendake (Québec), Mashteuiatsh (Lac St Jean), Lac Mistassini (Abitibi), Waswanipi (Abitibi), Wemindji (Abitibi), and Kahnawake (Montréal). Together, they have assets worth over $118 million, equity of more than $4 million, and $100 million in deposits. They have more than fourteen thousand members in Québec, and have created seventy-five jobs on the reserves. This study focusses on the Caisse Populaire Kahnawake, one of the last caisses to be established in an Aboriginal community (1987). The Kahnawake case is worth examining because it is dynamic and has made an important contribution in the area of loan guarantees. The model developed by the Kahnawake caisse, which is referred to as a "trustee agreement," will be examined in more detail in this paper.

The Economic Situation

The Kahnawake caisse is in a unique geographic location, situated only about twenty kilometres from Montréal. At the same time as it benefits from the economic activity of that metropolitan region, the reserve finds itself with a major problem for local businesses in terms of the market. Since they have a limited market (although it is one of the largest Aboriginal communities in Canada, the population of the territory is only

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[1] While these figures date from 1992, it seems that they are the most recent figures available concerning caisses populaires in Aboriginal communities. This was confirmed by a representative of the Confédération des caisses populaires et d'économie Desjardins du Québec.

[2] There are also some twenty caisses that serve the Aboriginal population and offer specific services to those communities. However, those caisses are not managed by the Aboriginal people themselves.

6,839 people according to 1992 figures[3]), those businesses cannot achieve any economies of scale, and consequently cannot compete with businesses in the metropolitan region in terms of prices. This special situation explains, in large part, the difficulty that local businesses have in staying open for long periods. Most of the businesses on the reserve are small-scale: little stores, a few restaurants, three golf courses, and a few construction firms. Those businesses employ about a third of the population. Other members of the community work in the Montréal region or in the United States on seasonal contracts (Huberdeau 1989 (b), p. 22).

The economic situation on the Kahnawake reserve is difficult. Like other Aboriginal reserves in Québec, Kahnawake has a high unemployment rate. During the winter months, it can reach as high as 40 percent. It falls in summer, however, since nearly half of the men go to the United States to work on construction sites. That influx of capital makes a significant contribution to the community's economic wealth. In terms of income, Kahnawake is regarded as one of the most prosperous reserves in Québec. The community is therefore able to anticipate annual income from all sources of about $40 million (Huberdeau 1989 (b), p. 22). However, most of that income is spent off the reserve.

The primary objective of establishing a caisse on the reserve was therefore to keep those large cash influxes in the community. The decision to opt for a co-operative organization was made for the same reason. The Mouvement Desjardins allowed for relatively autonomous management of funds. The democratic and community-based aspect of the caisses was also of considerable importance to the founders. "As a co-operative movement, the philosophy and spirit of Desjardins is no less than our own, the people of Kahnawake, of the Mohawk Nation, and of the Iroquois Confederacy" (Caisse Populaire Kahnawake 1997, p. 2). The founders thought it extremely worthwhile to provide the community with an institution in which the customers were also members who could take an active part in decision making. At a time when the Mohawk Nation was seeking to revive its culture and take back control of its economy, the caisse populaire offered an excellent resource for that purpose.

A Political Revival

While the reserve had seemed, in the 1970s, to be doomed (loss of the language— even today, the Mohawk language is spoken only by those over the age of fifty – and loss of a measure – of political autonomy, although the reserve was ultimately given municipality status by the Minister of Indian Affairs), a political revival began to be evident by the mid-1980s. In some respects, it might even be said that the self-government movement became radicalized. About 1985, white people, who at that time represented one sixth of the population of the area (Marcil 1985, p. 251), were banished from the reserve, and Indians regarded as "soft" were stripped of their offices. At the same time, there was a resurgence of the language and culture, and the idea of an Indian government was starting to make inroads. This was the context in which, in 1987, Michael Rice and a few other leaders decided to establish a caisse populaire on the reserve.

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[3] Source unknown, *La présence du mouvement Desjardins en milieu autochtone* (document obtained from the Co-operatives Secretariat)

The Trustee Agreement

There was one other decisive factor in terms of the creation of a financial institution in the community. Under the federal *Indian Act*, all income earned on the reserve is tax-exempt. By extension, interest on deposits is recognized as nontaxable income. Apart from financial considerations, it was becoming increasingly essential to provide the community with a resource that would be able to genuinely respond to its needs in terms of loans. The traditional banks, which often had little or no awareness of Aboriginal laws and culture, had been reluctant to do business with this type of community. Criteria for granting loans are often not suited to the circumstances of Aboriginal people's lives. For example, the traditional banks demand as a prerequisite for obtaining a loan that the borrower have stable, permanent employment. On the Kahnawake reserve, nearly half of the men work on seasonal construction projects. In the eyes of the banks, this kind of job adversely affects the ability of loan applicants to repay. The Caisse Populaire Kahnawake recognizes that situation, however, and relies more on the applicant's work history.

Members of the community had also been denied loans because they could not use their property as security. Under the federal *Indian Act*, no property located on the reserve may be sold, mortgaged, or pledged as security to a non-Aboriginal. As an incorporated body, a caisse is considered to be a non-Aboriginal entity, so that although it has exclusively Aboriginal management, the caisse cannot take reserve land as security. This provision of the *Act* means that Aboriginal communities must go through the Department of Indian and Northern Affairs to obtain a loan guarantee. However, the department places strict limits on the types of loans that it will agree to finance. It favours first mortgage loans – not to mention that it takes three months to a year to process an application (Woodall 1991, p. 21). As well, the financial backing provided by the government interferes with loan repayment. The loan is guaranteed by the government, and the borrower does not feel bound by his or her financial obligation. Moreover, that system perpetuates the Indians' dependency syndrome in their dealings with government agencies (Woodall 1991, p. 22).

Given this major problem of access to financing, the Caisse Populaire Kahnawake was the first banking institution to introduce a system of guarantees adapted specifically to the Aboriginal community. The model is known as a "trustee agreement," under which trustees are used as third parties when loans are guaranteed. Because the trustees are members of the community, and are therefore Aboriginal, they may receive land as security and sell it in the event that the borrower is unable to repay. The trustees can then reimburse the caisse. The trustee concept is not a new one; what is new is the fact that the trustee is not appointed by a federal or provincial agency, or even by the band council. The trustees are all volunteers and are politically independent (Woodall 1991, p. 21). At the time when the system for loans to be guaranteed by trustees was developed, the Caisse Populaire Kahnawake was contacted by a number of Aboriginal groups that wanted to set up this model in their own communities. The caisse was even contacted by Aboriginal groups on Vancouver Island and in the Northwest Territories. Today, however, relations with the other caisses in Aboriginal communities are stuck in neutral.

Four years ago, a borrower who was threatened with repossession of his land took the Caisse Populaire Kahnawake to court to challenge the trustee system. While awaiting the judgement of the court, due in November 2000, the other caisses in Aboriginal communities can no longer make use of this system; Caisse Populaire Kahnawake alone can continue to use it. The judgement of the court will have a decisive effect on the caisse's lending activities. If the trustee system is ruled to be illegal, the caisse will have to revert to the former system, under which the government provides guarantees. This involves strict criteria at the time applications are evaluated, and lengthy processing times. For Aboriginal people living on reserves, access to credit will inevitably be limited.

Business Development

The caisse plays an important role in business development in the community. Michael Rice, who was both the founder of the caisse and the manager for its first eight years, has made a significant contribution to the economic development of the reserve. Before being appointed manager of the caisse, he in fact worked to promote economic development in Kahnawake, so it was clearly a major concern for him. With that in mind, the caisse has supported a number of business start-ups and carried out some loan follow-ups. The caisse also works with an economic development corporation to assist members in drawing up business plans. Since 1987, the caisse has examined 305 business plans and accepted 223. Those projects represent total loans of more than $8 million. Out of the 223 approved projects, 82 were business loans totalling more than $3 million (Caisse Populaire Kahnawake 1997, p. 8).

Having a caisse on the reserve improves Aboriginal people's access to credit enormously. On the other hand, while access is easier, it is not automatic. The caisse has to abide by certain criteria for granting loans to ensure that the organization remains viable. This means that the caisse has to deal with two conflicting factors: its community aspect and its financial aspect. Mandie Montour, the present general manager of the Caisse Populaire Kahnawake (appointed in March 2000), said that it was sometimes difficult to meet member expectations. Because the institution is located on the reserve and is managed by people from their own community, members expect that it will automatically lend them the money they need. As a financial resource, the caisse has a duty to be rigorous in evaluating applications, and this sometimes causes tension.

Despite the substantial support it provides for start-up businesses, the caisse does not work with local development agencies to devise new economic development strategies. The band council itself has created a commission with responsibility for the reserve's economic development. That body grants loans for start-up businesses, but its focus is more on the development of private businesses. Although the co-operative formula has been discussed in the past, it has been given no particular encouragement. In this respect, the caisse does not exert any pressure to facilitate the development of co-operatives on the reserve.

Education and Training

The Caisse Populaire Kahnawake has invested considerable effort in training its employees. Most of the employees had never worked in a financial institution before, which meant that the caisse offered them complete on-the-job training. The manager, Mandie Montour, was herself trained for her job by the caisse. Chantale Boisseau, who was sent by the Fédération de Montréal et de l'Ouest du Québec to succeed Michael Rice as general manager, personally trained Ms. Montour, who had worked at the caisse for ten years, to replace her. Despite the fact that an acting manager was supplied by the fédération, the caisse has no special ties to the Mouvement Desjardins. The caisse does receive substantial support from the fédération in financial and technical terms, but language is a definite hindrance in their relationship. It is difficult to adapt training programmes designed in French for employees of the Caisse Populaire Kahnawake, who all grew up in an English-speaking environment. The caisse is therefore somewhat inward-looking. As well, it seems to define itself more as an autonomous financial institution serving the Mohawk community than as a caisse populaire that is part of the Mouvement Desjardins. However, the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec does offer some training in English. Major training tools for managers have been translated to meet the needs of non-French-language caisses populaires. On the whole, however, training is done primarily in French.

Member Participation

During its first two years of existence, the caisse met with some resistance in the community. In a small geographical area, where everyone knows everyone else, there was a fear that some measure of confidentiality in processing applications would be lost, but in its first year, the caisse was able to reach half of the community and realized a net profit of $47,000 (Huberdeau 1989 (b), 17). The feeling of ownership in the caisse grew after the Oka crisis in 1990, when the barricades that impeded travel off the reserve encouraged people in the community to make more use of the caisse's services. The caisse had made a point of staying open during the events, and the Mohawks' nickname for it – "the barricade caisse" – arose out of that situation (Woodall 1991, p. 23).

The way in which the caisse has succeeded in the space of a few years is remarkable. In 1988 the caisse had nine hundred members; ten years later it had a membership of nearly seven thousand (Caisse Populaire Kahnawake 1997). In fact, the caisse's membership includes virtually all members of the community within the reserve – 95 percent of the adults residing there (Woodall 1991, p. 23). The caisse's membership is defined geographically, rather than by membership in the Mohawk community. Most of the members, however, are Mohawk. The caisse even includes members of its community living off the reserve (Kanesatake—Oka), who are considered to be auxiliary members and so are not entitled to vote.

Despite the fact that doing business with the caisse on the reserve is quite popular, the members do not actively participate in decision making. At a recent general meeting, there were only twenty people present. According to the manager, the low turnout can be explained by the fact that there is presently little or no dispute over power. There is little turnover among representatives on the various committees. The board of directors, the executive committee, and the ethics and audit committee seem to represent the diversity of interests in the community. In fact, the caisse makes an effort to preserve an image of neutrality. Unlike other organizations on the reserve, the caisse does not allocate seats based on the different segments of the community. Everyone sits on the board as an individual. Representatives of the band council have been elected to the caisse's boards, but do not represent the interests of their group.

Financial Activity

Examining the statistical tables that appear in the most recent annual report, (Caisse Populaire Kahnawake 2000, pp. 26–27), we see constant growth in assets, members' deposits, and loans to individuals and businesses since 1988. Assets have risen from $5.2 million in 1988 to $62.7 million in 2000. Members' deposits grew proportionately, from $3.8 million in 1988 to $58.9 million in 2000, while loans rose from $500,000 to $29.1 million. Earnings, however, have not followed the same curve. In fact, the lowest earnings – $19,000 – occurred in 2000, while in 1994 the caisse earned in excess of $455,000. The low level of earnings in 2000 is apparently attributable to losses on loans of over $1 million, which represents 4.51 percent of the loan portfolio (Caisse Populaire Kahnawake 2000, p. 4). Part of the explanation for these losses on loans is the fact that the number of businesses on the reserve has grown, while there has been no substantial increase in the population. This means that the businesses have to share an already limited market for their products. Mandie Montour suggested another factor might be that outside businesses are afraid to do business on the reserve. The Oka crisis undoubtedly did nothing to reduce white businesspeople's suspicions about the Mohawk people.

Community Involvement

The caisse takes its social mission in the community very seriously. It wants to be close to the people and actively support as many activities as possible. In 2000, the caisse reinvested $39,444 in the community; over the last thirteen years, donations have totalled more than $399,000 (Caisse Populaire Kahnawake 2000, p. 6). The caisse funds charitable organizations and cultural, educational, sports, and economic development activities.[4] The largest donation ($10,000) was to "The Echoes of a Proud Nation Pow Wow" in 1999–2000. That event brought together a majority of the community and had a significant economic impact for local entrepreneurs. The caisse wishes to ensure that donations benefit the community as a whole.

The caisse does in fact seem to be very active in the community. Through loans and donations, it assists in establishing new local businesses and makes it possible to fund sociocultural activities, thus making an undeniable contribution to the economic and social development of the community, although it has no strategic vision of that development. The caisse might have a greater impact in the community if it worked specifically with other community economic development agencies. Despite strong identification with the caisse in the community, many members see it as just another financial institution. The co-operative and community aspects are not apparent to everyone. The caisse is aware of this perception, and is making efforts to educate its members about that aspect of its activities. One of the things it has done is to send all members a list of the donations it has made.

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[4] List of activities and organizations supported by the Caisse Populaire: Business Peoples Fund-Raising, Canadian Cancer Society, Diabetes Prevention, Echoes of a Proud Nation Pow Wow, First Nations Tai Kwon Do Association, Indigenous Games – Team Kahnawake, Jeannine Beauvais Scholarship Fund, Juvenile Diabetes, Kahnawake Christmas Basket Committee, Kahnawake Figure Skating Club, Kahnawake Fire Brigade, Kahnawake Flood Victims, Kahnawake Minor Hockey, Kahnawake Mohawk Senior Lacrosse, Kahnawake School Diabetes Prevention, Kahnawake Survival School Wrestling, Karonhianonhnha School, Kahnawake Youth Centre, Kateri Memorial Hospital Foundation, Muscular Dystrophy Association, Mad Group, Native Friendship Centre of Montréal, Native Men's Wellness, Onake Paddling Club, People for a Healthier Lifestyle, Peggt Mayo – New Years Eve Dance, Step by Step Early Learning Centre, S.P.O.R.T., Sonny Joe Cross / Christmas Party, Transportation for Kahnawake Elderly & Physically Challenged. (Caisse Populaire Kahnawake, 1997, p.10.)

The caisse has set itself the goal of becoming more involved with its members. The challenge to the legality of the trustee model on which the caisse had established its reputation is another significant issue on the horizon. If the court were to refuse to recognize that model, the caisse would have to do some speedy rethinking of its guarantee system, as access to credit in Aboriginal communities would be at stake.

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Puvirnituq Co-operative

Nunavik, Québec

Case Study Analysis Prepared by Jean-Pierre Girard, Isabel Faubert-Mailloux, and Sarah Beaulne[1]

In Nunavik, every village has its own co-operative, which addresses all of the needs of the community. The special feature of Nunavik's co-operatives is precisely this multifunctionality. They provide both an outlet for a portion of local production to go to markets in the South, and also ensure a supply of consumer goods. This means that since they were first established, the co-operatives of Nunavik have played a key role in the development of the region.

Puvirnituq is located on the coast of Hudson Bay, and is one of the four largest villages in Nunavik, in terms of population, with a little more than a thousand inhabitants occupying an area of just under two square kilometres. The average population of the other Inuit communities is six hundred inhabitants (FCNQ 2000 (a), p. 195). Apart from demographics, the village stands out from the other communities because of its economic success. The Puvirnituq Co-operative has, without a doubt, contributed to that success, and in fact is one of the best examples of economic success in the Aboriginal co-operative movement. Although during the 1950s Puvirnituq was classified as the poorest village in Nunavik, today it has become one of the most prosperous villages.

The Puvirnituq Co-operative was one of the first co-operatives established in northern Québec, its origins going back to 1958. At that time, it was actually an association of sculptors, organized with the support of André Steinman, a Catholic Oblate missionary who was involved in the region for many years, and Peter Murdoch, a marketer for the Hudson's Bay Company.[2] In 1960, the association was organized in the legal form of a co-operative, and broadened its activities to include other sectors of the economy. It thus began to operate both as a central outlet for the works produced by sculptors and as a general store, which offered members of the community an alternative for purchasing consumer goods. The establishment of the co-operative was specifically intended to break the monopoly exercised by the Hudson's Bay Company. In 1976, the Puvirnituq Co-operative was the leading employer in the community, employing a total of thirty people. During that period, its sales rose to a volume of $1.6 million (FCNQ 1976, p. 2). Twenty years later, the co-operative posted more than $6 million in sales (FCNQ 2000 (a), p. 101). Today, the Puvirnituq Co-operative is the largest of the co-operatives in Nunavik, in terms of revenue and members. Despite the successes it has achieved in a number of areas, however, the co-operative is now perceived as playing a marginal role in the community in the political and socio-economic spheres (Tullaugak 2000; Ittukalak 2000).

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[1] A student who lives in Puvirnituq.

[2] Peter Murdoch later held the position of general manager of the Fédération des coopératives du Nouveau-Québec, until the 1990s.

Mission

At the time it was first established, the co-operative was intended both to operate as a link between the sculptors and customers in the South[3] and to provide the inhabitants with a variety of consumer goods, while maintaining a degree of control over prices. Today, the co-operative seems to have fulfilled its primary mission. According to one representative of the Makivik Corporation and the Kativik government (Tullaugak 2000), the role of the co-operative became a little broader over time, changing from being primarily commercial (promoting sculpture by finding market outlets) to playing a more dynamic role in the community. At present, it offers a variety of services to members of the community, and supports numerous community projects (see section on the co-operative network, below).

To respond to the lack of infrastructure in the region, the co-operative offers a number of services to the community such as banking services, consumer loans, insurance services, and even cable television. The Fédération des coopératives du Nouveau-Québec (FCNQ) purchased the Government of Québec and Shell Oil company tanks located in the region, and since 1987 the co-operative has distributed oil to the entire community. In the last two years, the co-operative has purchased a hotel and built a courthouse, which it rents to the Nunavik itinerant court.

In its specific role as a general store, the co-operative offers a wide variety of consumer products, ranging from foodstuffs to electronic equipment, and including motor vehicle sales and the sale of clothing, books, and recordings. This means that the co-operative is able to fill practically all the needs of consumers. Members may place individual orders, and only a few very specialized items are not offered (e.g., VCR head-cleaning cassettes). At the same time as offering this range of products and services, the co-operative acts as a sort of community centre. This broadening of sights is apparently attributable in large part to the training provided for managers by the Fédération des coopératives du Nouveau-Québec.

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[3] The term "South" refers, here, to the portion of Québec located below the 55th parallel, what some call "White Québec."

Associational Life

Generally speaking, the members of the community regard the co-operative as an organization in which everyone plays a role and where everyone can be heard. The co-operative also seems to be seen as a leading instrument of regional development. Because of the connection of ownership it provides, the co-operative gives the community more autonomy and power, and it is therefore regarded as a tool for both personal and collective emancipation. For one thing, the co-operative is entirely managed by members of the community, unlike the large stores such as the North West Company (formerly the Hudson's Bay Company), which is owned by foreign interests. This endogenous management gives the movement genuine autonomy in terms of development choices. For another, the fact that it is managed exclusively by Inuit enables members of the community to acquire knowledge about the operation of a co-operative and of management processes.

It seems that the level of loyalty among members has not changed substantially over the years. In fact, the number of transactions has risen. Today, the co-operative has about two thousand customers (including individuals and companies), although not all customers are members. Co-op membership amounts to a total of fifteen hundred people. A rebate equivalent to 4 percent of purchases from the co-operative is paid to members at the end of the year; member organizations receive a 10 percent discount on each purchase made. The co-operative also organizes a number of draws for its members over the course of the year (e.g., cash prizes, merchandise, electronic equipment, food, all-terrain vehicles), offering customers one draw ticket for each $25 spent on purchases. It seems that the monthly draws are one reason why the number of transactions has risen somewhat.

Board of Directors

The co-operative is operated by a board of directors, which meets at least once a month. The membership of the board is fairly homogeneous, ranging in age from forty to fifty years. There are two women on the board out of a total of seven members. The assistant manager (Ittukalak 2000) feels that power is fairly divided among the members of different interest groups on the board, as no interest group holds a majority of the seats. The general manager, of course, sits on the board as an observer, but does not seem to inform the co-operative's employees about decisions made by the board. The assistant manager did not know, for example, how many years the directors have been on the board, on average, what the turnover was on the board, or what the board's main concern has been in recent years.

Business Aspects

The co-operative has twenty-one employees, with two new jobs having been created in the last five years. Most of the employees are under thirty years of age, and in a reversal of a trend that was apparent a few years ago, young people seem, in general, to be attracted to jobs at the co-op. The co-operative does not engage in any significant staff rotation. While employees seem satisfied with their jobs, they show little initiative, and simply do the work they are asked to do. Nonetheless, the employees regard the co-operative as a source of personal development, although the organization has not implemented any training system for its employees. For that, it relies entirely on the fédération, which offers training to fill identified needs.

Financial Structure

During the period up to 31 August 1999, the Puvirnituq Co-operative had total sales of $6.7 million, but was able to achieve a surplus of only $1,276 (FCNQ 2000 (a), p. 101). This low surplus in 1999 can in large measure be explained by the major investments made in recent years (i.e., the purchase of a hotel and construction of a courthouse). During the 1990s, the Puvirnituq Co-operative was always able to achieve annual surpluses in the neighbourhood of $100,000.

While its financial health is apparently good, the co-operative is nonetheless having to deal with major problems in its management of customer accounts. There seem to be recurring credit difficulties in the history of the co-operative, which were first identified in the early 1980s (Simard 1982, pp. 352–441). The lax approach to credit policy jeopardizes the cash flow available to the co-operative for paying suppliers. On the other hand, this flexibility in terms of credit is regarded by the members as one of the main advantages offered by the co-operative. Given how slow some members are to pay their accounts, the co-operative ultimately formulated a new policy for paying rebates to members who are having difficulty making payments. The co-operative takes a 2 percent share out of the 4 percent rebate that is returned to members, which it allocates directly to repaying the debts of delinquent accounts.

External Environment

The co-operative's main competitor is the North West Company, although it is not considered to be a threat to the viability of the co-operative, which is the first choice of members of the community for making purchases. A representative of the Makivik Corporation and the Kativik Regional Government (Tullaugak 2000) even said that the co-operative would not have been as successful as it is today if it had not had to fend off competition from the former Hudson's Bay Company. Indeed, the co-operative developed around a movement to oppose and challenge the "White" order of things in Inuit lands. The marginal role the co-operative is currently playing in terms of economics and politics is perhaps not entirely unrelated to a decline in combativeness among the Inuit people. According to certain authors (Duhaime 1985; Simard 1988), the large influxes of money that resulted from the signing of the agreements ($90 million) not only had a demotivating effect on the population, but was also an impediment to Aboriginal development, creating major distortions in the regional economy. Inuit leaders thus gradually looked to the federal and provincial governments for funds rather than trying to build within their own society.

Co-operative Network

The Fédération des coopératives du Nouveau Québec (FCNQ) provides support to the co-operative, primarily by offering training and putting it in contact with markets in the South[4]. The FCNQ also acts as a wholesaler for purchases, and as a central outlet for artistic production. In addition, the network of co-operatives allows for funds to be transferred between the various villages, so in this sense the co-op provides a relay service. Membership in a network is regarded as a very positive thing, but apart from membership in the co-operative network, the Puvirnituq Co-operative has no particular relationship with community organizations. The co-operative does, however, support practically all the events that take place in the village. Among other things, it makes a donation every year to the Recreation Council, so that the council can organize community celebrations.

Future Developments

The Puvirnituq Hotel, in many people's minds, is one of the co-operative's most significant achievements. Given its remote location from major urban centres, the 37 percent occupancy rate is regarded as satisfactory (FCNQ 1999, p. 26). The fédération, however, suggested that the co-operative adopt a stricter cancellation policy in order to avoid losing revenue. Another positive factor is the surpluses generated by the co-operative, which are then reinvested in the community. On the other hand, the co-op's most significant difficulty remains unpaid customer debts.

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[4] The FCNQ offers co-operatives training on request in various subjects (e.g., computers, accounting, human resources). The training is offered both to members of the board and the general manager and to employees.

The co-operative model seems well suited to the culture of the community, in that it operates through a collective participation process and takes into account the community's wishes. The commercial nature of the organization, however, seems somewhat foreign to the culture of this people. Before the establishment of permanent communities, trade was in the form of barter, and when co-operatives began operations in Nunavik, reciprocity had to yield to transactions of a more commercial nature. Although no one is questioning the existence of the co-operatives in Nunavik, there are many people among the Inuit today who do question the appropriateness of the co-operative to the traditional way of life and values.

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Apaqtukewaq Fisheries Co-operative

Chapel Island First Nation, Nova Scotia
Case Study Analysis Prepared by Gene Frampton
The Model Social Enterprise Group

General Background

Apaqtukewaq Fisheries Co-operative is a Mi'kmaq Co-op owned by members of the Chapel Island First Nation of Cape Breton Island, Nova Scotia. It is best understood as a vehicle for community control over fisheries resources. The co-op does not fit conventional definitions of a marketing or production co-operative, but encompasses both functions.

Despite being situated in an area of very high unemployment, the Chapel Island First Nation has one of the highest employment rates of all First Nation bands, with approximately 65–75 percent of its members employed on a seasonal basis. The band has proactive strategies in terms of both economic and human resource development. Located on the Highway 4 midway between Sydney and St. Peters on the eastern side of Cape Breton Island, band members can also travel to these communities in search of employment.

This case study was based upon interviews conducted during the summer and fall of 1999.[1]

Origins

This co-operative was formed to manage the band's interests in the fisheries. In the summer of 1995, when the decision to incorporate as a co-operative was made, Chapel Island Band had one fishing boat, several band fishing quotas to manage, and was also leasing and managing an oyster-processing facility in Arichat, NS.

In the words of the founding members, "The idea was to link everybody together, to act as a caretaker of the fisheries. The co-op was to take charge of all band activity in the fisheries."

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[1] The following individuals were interviewed: Norman Basque, co-op member; Anita Basque, co-op manager; Fred Pierce, Inspector of Co-operatives, Province of Nova Scotia.

The choice of legal structure was heavily influenced by Noel Doucet, the chief at that time, who had a longstanding appreciation for the co-op model generally and the Antigonish Movement specifically. "The idea for a co-op was Noel's. The co-op probably wouldn't have been formed if it wasn't for him. We talked about it a lot. A lot of people were leery of the idea."

Fred Pierce, the provincial inspector of co-operatives, formally incorporated the group on 14 September 1995. The founding members were Norman Basque, who was the first president; Lindsay Marshall, who is the current president, as well as chief of the band since Noel's death two years ago; Lori Doucet, Noel's daughter; and James Basque, Norman's brother and the only fisherman of the four.

Activities

The main activities of the co-op to date have been to fish the band's quotas in lobster and snow crab. During the peak season, May to September, the co-op now employs seven people and operates two fishing vessels – the *Shannon Brothers* and *Netuklimk*. *Shannon Brothers* fishes mainly for lobster off Glace Bay, while *Netuklimk* fishes for snow crab in the Arichat area of Cape Breton. These products are all sold to local buyers.

Most co-op business income results from its pre-established percentage of the catch. A percentage is established for each species fished or harvested, and the co-op pays all expenses related to running the boat, including deck crew labour, from these percentages. To date financed in this manner, annual co-op income has fluctuated around $40,000. Income is projected to grow much beyond this modest base if the co-operative is successful in launching the oyster processing facility.[2]

No surpluses (profits) are distributed to the members. The idea of the founding members was, and remains, that "all profits should go back into the co-op."

When the co-op first started, it took over management from the band of an oyster-processing facility that the band was leasing in Arichat. For various reasons, the co-op stopped running that facility in 1998. The co-op has continued to act as a broker to eastern seaboard buyers of oysters, and over the past year has developed an ambitious plan for re-invigorating the local industry through a processing facility on the reserve itself. While the oysters would come from throughout the Bras D'Or Lakes area, this project is of great interest to the community because six band members are leaseholders currently and the project is expected provide two full-time and six seasonal jobs on the reserve.

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[2] In the feasibility analysis conducted for the oyster processing facility, "Chapel Island Oyster Processing and Sales Facility – Business Plan, 1999–2004," income is projected to grow to $614,000 by the fifth year of plant operations.

Issues

Two key issues confronted the co-op in its early stages: management, and community support and participation.

Management

In the view of the founders, the main aspects of this are financial management and recording systems management. In the first year of its existence, the co-op's financial management was not separated from the band's financial management system. This caused inevitable problems. In the view of one founding member, "All the money going in wasn't going to the co-op ... We had a heck of a time getting certain things paid." This type of problem was apparently resolved with the hiring of Anita Basque, first "to help with the books" and then "to supervise the plant workers and manage shipments." After a short period, she became the first full-time manager of the co-op. Anita had four years banking experience and had worked as a supervisor in the Arichat plant before starting to work for the co-operative. In her own words, "I am a very strict captain; the co-op had to be run like a business."

The co-op also faced challenges complying with the industry record-keeping requirements. The co-op has to meet both the Department of Fisheries and Oceans (DFO) Standards as established in the Quality Management Program (QMP), and the International Hazard Analysis Critical Control Point Program (HACCP). Most of the time the bookkeeping required to meet these standards was adequate in the co-op's case, but some wasn't and "it took many meetings" with DFO officials to sort this out. The Canadian Executive Service Organization (CESO) volunteers have also been very helpful to the co-op in developing the required record-keeping systems.

Community Support and Participation

The Chapel Island community participates in co-op activities in various ways: as members, through the band council, and as employees. Initially, there were significant concerns in the community about the financial implications of the co-op taking over band activities in the fisheries: "There were a lot of questions and worries about the co-op right from the beginning; like ... if the co-op goes down, do we all go down?" With time and experience, however, these fears have apparently subsided. The co-op "submits a year-end statement to the band; sometimes we get on the agenda at band meetings and get advice and answer questions." "It's a small community; everybody knows what's going on, so we get a lot of feedback from the community."

Community participation through membership in the co-op has been an issue from the outset. The co-op started with four members and these four individuals remain the whole membership. Several comments were made about this: "One of my ideas was to get the fisherman involved, but everyone wants to go on their own." "It's hard to find people to give them the idea that joining the co-op would be a good thing."

The manager would like to get more band members involved as co-op members but is unsure how and when the co-op should proceed with a membership recruitment drive. The oyster processing and packaging facility has generated a lot of new interest both in the band and the surrounding community, which should result in a broadening of membership over the next few years.

Funding and External Support

The co-op has been able to secure all of the additional funds that it has needed during its first four years from various external sources: the band itself, the DFO, Enterprise Cape Breton, and Indian and Northern Affairs. Securing funding for an oyster-processing facility is proving to be more challenging. The facility is by far the co-op's most ambitious project to date. With the help of the band's economic development officer and an outside consultant from CESO, the co-op has calculated the financial requirements for this project at $250,000.

CESO has been of great assistance in developing the proposal for this project. With their help, a comprehensive feasibility document has been prepared, entitled; "Chapel Island Oyster Processing and Sales Facility" – Business Plan, 1999–2004. The proposal has been submitted to various agencies, but to date, only $40,000 in commitments has been received.

By mutual agreement, the band's economic development officer has responsibility for securing the funding. While the co-op founders are not directly involved, they have found the process quite frustrating: "They always want more information … we give them all that we have … it is like they are digging into your own life."

The co-op has only recently sought help from the co-op sector. The manager, Anita Basque, received information from the Nova Scotia Co-op Council (NSCC) stating its interest in working with aboriginal communities. Although she spoke with the NSCC executive director about the situation and forwarded supporting documents several months ago, she has heard nothing in return.

Roles and Responsibilities

Neither the directors nor manager of this co-op have received any formal training in co-operative roles and responsibilities. As in many small co-ops, problematic issues are talked over by those responsible and a course of action is decided upon. At Apaqtukewaq Co-op, this doesn't necessarily follow common co-operative procedures and practices. The co-op has not held many formal board meetings. Major decisions have been made by consensus both within the co-op and between the co-op and the bands. The manager and the chief are the conduits of both information and input into decision making. There is a widespread recognition of the need for more formal meetings and openness to learning about roles and responsibilities. There are concerns too, however, about the availability and cost of such training.

Anishinabek Nation Credit Union

M'Chigeeng First Nation
Case Study Analysis Prepared by Joseph Hare

Introduction

The Anishinabek Nation Credit Union (ANCU) received its charter from the government of Ontario in May 2000. Officially presented to the chairman of ANCU by the Grand Council Chief of the Anishinabek Nation, the charter allows the credit union to begin operations according to an operational plan developed over a period of six years. The objects of the credit union are to promote co-operative enterprise, to facilitate the accumulation of savings, to create a source of credit for its members, and to provide for its members full financial services that otherwise are not available through conventional financial institutions. A board of directors oversees the operations of ANCU, and members of the board are appointed by member chiefs and councils of the Anishinabek Nation. Board members' terms usually coincide with the terms of office of the respective appointing chiefs and councils.

The Anishinabek Nation has forty-three member First Nations, situated in mid- and southern Ontario, from Thunder Bay to Pembroke and Peterborough to London.

ANCU's head office is located in Garden River First Nation, which is central to the region mentioned above. There is a credit union manager and two support staff. Offices were being set up as of the writing of this report.

A major drive has begun to accumulate sufficient deposit and loan capital to allow the credit union to start receiving deposits and making loans. Target amounts originally set were as follows: $10 million in deposits; $500,000 in capital investment; $8 million in consumer and mortgage loans; and $2 million in loans to aboriginal businesses. A side agreement with FEDNOR (Federal Economic Development Initiative in Northern Ontario) and Aboriginal Business Canada will provide a loan fund through ANCU in the amount of $6 million.

Patronage, as envisioned in its development, is what ANCU now needs.

Twenty Years in the Making

In 1979, Joseph Hare was elected chief of the M'Chigeeng First Nation. As is the case with many communities, M'Chigeeng always had difficulty borrowing funds to get certain programmes, projects, and services underway. Towards the end of every fiscal year, M'Chigeeng had considerable difficulty securing bridge financing during the period from year-end until the funding from the Department of Indian Affairs could be processed. In order to get some programmes started, a contribution from the First Nation was almost always required, but since contribution agreement funding often could not be deferred or put in a reserve fund, there was no money that could be used as the First Nation's share for any project. Funds for housing could be obtained through a ministerial guarantee, but getting a ministerial guarantee depended on the financial situation of the First Nation. First Nations members could not borrow any money for business purposes, or any other purpose for that matter, except through the Department of Indian Affairs. The reason for this is because of the well-known section 89 of the *Indian Act*, which prevents the seizure or execution of real and personal property of an Indian by any person other than an Indian or a band. Collateral, therefore, could not be used, and so loans were not made to an Indian or band.

This section of the *Indian Act* has stifled and continues to stifle economic development and business expansion on First Nations. To get around this inhibiting section of the *Act*, Chief Hare believed the only way was for the M'Chigeeng First Nation to establish a financial institution of its own, and his choice of institution was the credit union. There were many obstacles to be overcome, however, before a credit union could be established in M'Chigeeng. As each obstacle arose, Chief Hare came up with a solution. First of all, there were not enough potential members in the community of a thousand people, so he invited the neighboring First Nation of Wikwemikong, with a population of two thousand, to become involved. The two chiefs, Joseph Hare and Ronald Wakegijig, met and agreed to work together to form a credit union with a branch office in Wikwemikong and one in M'Chigeeng. This was in 1980, and the rules governing credit unions in Ontario required that at least twenty persons be trained in the role each would play in the eventual operation of a credit union. Each community would recruit ten potential directors to become members of the board. While this was a minimal number of potential directors, neither community could recruit a sufficient number to enrol for training, and the idea of a joint effort to create a credit union died.

At the same time, the government of Canada was providing a number of financial support services to circumvent the difficulties posed by the *Indian Act* insofar as business development was concerned. In the 1980s the Department of Indian Affairs had a revolving loan fund from which businesses or entrepreneurs could borrow, but there was never enough money. This fund was eventually devolved to the First Nations, which in turn set up (or were supposed to set up) revolving loan funds augmented by a yearly contribution from the department. The average loan fund of the First Nations was about $100,000 per year.

Concurrently, Industry Canada, through its Canadian Aboriginal Economy Development Strategy (CAEDS), began to provide funding to groups of First Nations to establish what were termed Aboriginal capital corporations. These corporations, depending on the size of the area served and the population and business development potential, were making loans from loan funds of up to $20 million.

The chiefs of the Robinson Huron (part of the Anishinabek Nation) revived an old economic development corporation called, appropriately enough, the Robinson Economic Development Corporation, and designated this corporation as the applicant for support funds that Industry Canada was making available to regions. Chief Joseph Hare, president of the corporation, together with a board of directors, commissioned a study to determine the feasibility of having an Aboriginal capital corporation to serve the Robinson Huron area. The study found that there was insufficient business potential from First Nations in the area – yet another problem requiring a solution. By combining the business potential of the Robinson Superior region (another part of the Anishinabek Nation) with that of the Robinson Huron, there would be sufficient potential business data to justify applying for and receiving funding from Industry Canada, and to finally establish a financial lending institution for the region. While the application was being put together, Industry Canada decided to review the existing regional corporations it had helped establish throughout the provinces and the territories. Pending the outcome of the review, all applications from other regions, including Robinson Huron and Superior, were put on hold. When the review was finally finished, Industry Canada did not lift the suspension of applications and in fact began to downsize its role with the regional corporations. The idea of a financial lending institution for the Robinson and Superior regions hit another snag and died.

All government programmes evolve, and although the name may get changed, the intent remains the same. So it was with the regional corporations funding programme, which was replaced by a programme called Community Futures, available to all nonprofit groups. There were several aspects to the Community Futures programme, but the main one was a loan fund to be managed by a local/area board of directors. To be recognized as a Community Futures participant, applicants had to meet certain criteria, one of which was a minimum rural population. First Nations, by joining together, could easily meet the population criteria. In the Manitoulin area, where M'Chigeeng is situated, the First Nations joined together and created Waubetek, a Community Futures corporation. One of the directors on Waubetek's board was Chief Joseph Hare. After doing a feasibility study, Waubetek received a revolving loan fund and began to make loans to businesses. Finally, there was a financial lending institution in the area. There were limitations imposed on Waubetek, however, by the funding source. The funds were to be for business purposes only and there was a limit of $60,000. Chief Hare saw again the need to diversify and sought to have Waubetek provide full financial services and evolve into a credit union. His idea fell on deaf ears, and while Waubetek's services were very useful to businesses, it still was not an institution offering the full range of financial services needed by the First Nations people in the area.

By now the year was 1994. That year, Joseph Hare was elected Grand Council Chief of the Anishinabek Nation, and one of the first ideas he pursued was that of a credit union. As usual, there were many obstacles along the way, but as each arose, the team gathered to bring the idea to fruition would resolve the problem. Special mention must be made of Lewis Debassige's motivational support and Nikki Manitowabi's resolve to carry on. Aboriginal Business Canada, a branch of Industry Canada, continued to support feasibility studies and organizational funding. On 31 May 2000, twenty years after Joseph Hare began to work on the idea, the full-services financial institution that came to be called the Anishinabek Nation Credit Union received its charter.

Rationale for First Nation Community Credit Unions/Banks

In order for First Nations to make significant progress in the economic and business development sector, individually or collectively, they need to be in control of sufficient capital to allow them to achieve goals. A viable economic system developed by any First Nation can only be successful if it creates and sustains the necessary wealth to effectively serve the needs of the members.

First Nations must access capital, maintain it, and deploy it to meet certain objectives. Given the obstacles, which include both implementation and operating issues, this is not an easy task. First Nations operate in a different legal and cultural environment. They must contend with the restrictive provisions in the *Indian Act;* they must safeguard immunity from taxation; they must respect the rights of First Nation members as regards seizure and collateral; and they must resist the regulatory intrusions of the federal and provincial governments. There are other difficulties to overcome as well, such as the need for training and communication, which will offset the ever-present element of mistrust that First Nations have always harboured; and the reluctance to move forward boldly and realize the time for doing so is upon all First Nations.

In summary, the Anishinabek Nation Credit Union (ANCU), as it was being developed, was cognizant of the following:

1. It must provide a full range of services to First Nations citizens.
2. It must not compromise on seizure protections enjoyed by First Nations citizens.
3. It must always safeguard the tax immunity of First Nations citizens.
4. It must have a good training programme and a communication programme.
5. It must remain profitable and operate at arms length, yet be accountable to First Nations governments to earn the trust of First Nations citizens.
6. It must seek out projects that promise to be profitable.

Profitable Projects

The key to success for ANCU lies in the pursuit of profitable projects, such as the financing of housing and other projects on First Nations lands. All CMHC housing projects sponsored by a First Nation or a First Nation member have to be guaranteed by the minister of Indian Affairs, and because of this guarantee, there is no risk to lending capital whatsoever involved with these loans.

Because of the confidence in ANCU by senior government officials such as Bob Dickson of Aboriginal Business Canada and Ian Donald of the Entrepreneurship and Small Business Office (both of Industry Canada), each have committed to set up a business loan fund in the amount of $6 million to be used for business development. Similarly, the minister of Indian Affairs and the minister responsible for CMHC could be convinced to put up a housing loan fund of at least $30 million.

Other credit unions derive a substantial part of their revenue from mortgage loans. In a small credit union with assets of $25 million, the mortgage portfolio, on average, will represent approximately 50 percent of net earnings. Extending this service to nonmembers of ANCU (i.e., non-First Nation members) could be another profitable project.

Business Loans Are the Priority

Pursuing profitable projects will in turn enable ANCU to make business loans, which have to be its priority purpose. All other services should be provided to enable ANCU to do this, and this strategy should always be clear in the minds of those charged with operating the credit union. Clarity in this concept should be enunciated in some form of mission statement, as a lack of clarity, while perhaps not perceived as a danger, can often be the underlying factor to failure.

This lending institution, envisioned over twenty years ago, was born of the need to spur economic development in the community of M'Chigeeng. It can now spur economic development in many more communities.

> Improving access to credit by minority and low-income communities represents a serious challenge to lenders, community residents, and government officials. The solution to this problem is economic development, an indispensable component of which is an effective banking system. (Jordan 1993)

To help builders of financial institutions stay on track, the *Report of the Royal Commission on Aboriginal Peoples* devotes a substantial section to economic development (volume 2, chapter 5). A key recommendation is as follows:

Building Economic Institutions 2.5.4

> Aboriginal nations give high priority to establishing and developing economic institutions that
>
> - reflect the nation's underlying values;
> - are designed to be accountable to the nation; and
> - are protected from inappropriate political interference.
>
> The development of businesses on First Nation communities has been negligible over the years mainly because access to capital has been the major drawback. But over time it is business which must carry the day as far as employment and income goes. Even
> to eventually enjoy political autonomy, the First Nations must generate their own revenue. They can do this by levying user fees, license fees and where a business significantly benefits from a First Nation right, political contributions will have to be required from those businesses. If there are no businesses from which to draw unrestricted revenue then the idea of political autonomy has to

> continue being a dream we just talk about. Massive social assistance and employment with the Band Office from the escalating social assistance is not the answer. Otherwise we continue to be administrators of our own poverty.

Within the context of the general situation above described, ANCU must play its role and realize the importance of that role.

Put Your Money Where Your Nation Is

To what extent First Nation councils and citizens will invest and deposit their money in ANCU is a challenge that will test the oft-stated rhetoric of the First Nation leadership. The chiefs have said they need cultural institutions, educational institutions, and of course, a financial institution. These and other key institutions have been identified as essential to achieving the goals of more self-reliance, more independence, more self-government. All of the other institutions relied on by the First Nations are government funded. ANCU will be the first that is not. The original call for support of ANCU clearly stated what First Nations and their citizens have to do:

> We have to use our own money to invest and start it up. We need to deposit our own savings in the credit union so it can continue operating. We need to borrow money from our own credit union so it can make a profit.

This is what is meant by the Anishinabek Nation Credit Union slogan "Put Your Money Where Your Nation Is."
ANCU will only be the second credit union in Ontario to have been incorporated in the last twenty years. It will be the first Aboriginal credit union in Ontario.

Following the Vision

Following the vision can be easy. A realistic business plan is key, and comparing results at each year-end ought to be the main guides for improvements and changes.

Anishinabek Nation Credit Union: Answers to the Case Study Questionnaire

Joseph Hare (Past Grand Council Chief)

Q. When did the credit union emerge?

A. The credit union officially received its charter from the Ontario Ministry of Finance, Credit Unions and Co-operatives Services Branch, on May 31, 2000. The Grand Council Chief at Grand Council of the Anishinabek made the presentation to Linda Chiblow, president of ANCU.

Q. Who were the founders?

A. There were many persons involved in the founding of the credit union. However, the following were the first persons named to be the official incorporators of the credit union:

Paul Eshkakogan	Spanish River Reserve #5
Jeanne Naponse	Whitefish Lake Reserve #6
Margaret Penasse-Mayer	Nipissing Reserve #10
Albert D. Sewell	Rankin Reserve #15D
Lawrence A. Boyer	Mississauga Reserve #8
Willard J. Pine	Mississauga Reserve #8
Gary Goulais	Nipissing Reserve #10
Linda Chiblow	Mississauga Reserve #10
Lewis Debassige	West Bay Reserve #22
Joseph Hare	West Bay Reserve #22
Augustine Debassige	West Bay Reserve #22
Grant Taibossigai	West Bay Reserve #22
Christi Pervais	Fort William Reserve #52
Angus Toulouse	Spanish River Reserve #5
Eugene Manitowabi	Wikwemikong Reserve #26
Byron Leclair	Pic Heron Reserve #35
Glen Hare	West Bay Reserve #22
Joey Fox Jr.	West Bay Reserve #22
Henry Panamick	West Bay Reserve #22
Rose Marie Manitowabi	Wikwemikong Reserve #26

Note: Some of the above persons were later replaced by other delegates and the names of some of the First Nations have since changed.

Q. What network or networks were central to the founding of the credit union?

A. There are forty-three First Nation communities who are member communities of the Anishinabek Nation. The Anishinabek Nation has an administrative corporation called the Union of Ontario Indians. The UOI acted as the secretariat in the development of the credit union and provided the network information to the member communities.

Q. Were there any special characteristics of the groups of people or location in which the credit union emerged that help to explain its development?

A. A bond of association has always existed among the First Nation communities of the Anishinabek Nation. This bond of association is coincidentally a requirement in the formation of any credit union. The First Nations are also parties to the Robinson Huron and Robinson Superior Treaty of 1850 and the Manitoulin Treaty of 1862 (except for Wikwemikong) and so treaty discussions frequently bring the First Nations together to meetings. Other First Nations, due to territorial proximity and other common interests, are also members of the Anishinabek Nation. Grand Councils are held annually and at these assemblies, a number of issues and projects are tabled and supported by the delegates and then acted upon. This is how the credit union emerged.

Q. What kind of activities (business and social) did the credit union undertake?

A. Many activities were undertaken but the strategic ones are as follows:

1. Grand Council held at Rocky Bay (1994) gives the mandate to explore options that would lead to financial independence of the Anishinabek. One option is to have a financial institution.
2. Call letter is sent to all member First Nations to discuss the feasibility of a financial institution. A steering committee is struck.
3. Funding is secured to hire a consultant to conduct a feasibility study and legal counsel is selected.
4. A draft feasibility study is presented to the board of directors of UOI.
5. Approval is secured from the Ministry of Finance to commence a business plan and an agreement is reached with Credit Union Central of Ontario to do a business plan.
6. A training plan is developed.
7. First Nations are kept informed of progress at subsequent Grand Councils.
8. Strategic planning sessions are held to arrive at a vision statement, goals and objectives, product services, delivery, head office location, and operational goals.
9. An interim manager is hired.
10. Funds for interim manager become exhausted and a number of First Nations cost share the salary of the interim manager so the development work can continue.

11. Support staff is recruited.
12. Potential capital investor contributors are contacted.
13. Agreement for a Small Business Loan Fund is solidified with FEDNOR.

These activities are not necessarily listed in sequence.

Q. Have the activities changed?

A. The activities have and will change slightly but will fundamentally remain the same. ANCU's business and operating plan dictates the kinds of activities that will be undertaken and changed if necessary.

Q. What were the key issues confronting the credit union in the early stages?

A. The following issues posed various degrees of difficulty but all had to be resolved:

1. feasibility funding and business-plan funding;
2. securing statements of intent to invest in the credit union;
3. "deficiencies" identified by Credit Unions and Co-operatives Services Branch; over 100 deficiencies were identified by the branch. As one set of deficiencies were addressed, another set would be identified.
4. finding a consultant and business plan authors who understood the legal, treaty rights, and "sui generis" status of the First Nations and their members;
5. securing confidence and loyalty to the project and having its relevance appreciated;
6. selecting the head office location and future branch officers; and
7. integrating other services questioned by the credit unions branch.

Q. What role did the government play?

A. The government played a vital role in the development of the credit union. Aboriginal Business Canada provided funding for the feasibility study and the business plan as well as some other expenses. Even when the deficiencies above described seemed to be impossible to address, the support of ABC continued to be there. FEDNOR and ABC went further and initiated a draft agreement concerning the establishment of an Aboriginal Small Business Financing Programme in northern Ontario and committed $4.2 million for business loans.

The Ontario Ministry of Finance issued the charter. Prior to doing so, considerable scrutiny was conducted by their staff. In retrospect, this kind of scrutiny will be a guide to ANCU's board of directors in the operation of the credit union.

Q. What role, if any, was played by other credit unions?

A. Credit Union Central, through one of their divisions, CCG Management Consultants, authored the business plan.
The Kahnawake Credit Union (Kahnawake, Québec) hosted a visit by a delegation from ANCU and provided valuable advice and information.
Member credit unions of Credit Union Central of Ontario were aware of our upstart credit union and response from them was always encouraging.
The annual report and audit of a credit union located in the area was a valuable reference.

Q. How was funding secured?

A. A proposal for a feasibility study was submitted to Aboriginal Business Canada and later another proposal for a business plan was also submitted. ABC provided the funding to do both.
When funds for the interim manager were exhausted, a request to First Nations was made asking them to cost share the salary of the interim manager and contributions were made from those First Nations.

Q. How did the elected leadership of the credit union learn about their roles and responsibilities?

A. The board of directors of ANCU are the leaders of the credit union. They are appointed by their respective chiefs and councils to the board. The chiefs and councils, when considering who to appoint to the board, select an individual who is already well versed in finance, business, or other related fields. The knowledge each brings to the board has already been acquired. All the directors have good business acumen and do not need to learn about general roles and responsibilities. However the directors had to take some special training so as to be knowledgeable about credit unions and how these are governed. The *Caisses Populaires and Credit Union Act* disqualifies an individual from being a director if he/she "does not complete a prescribed training programme as required by the regulations."

Q. How did the managers and employees learn about their roles and responsibilities?

A. The manager was also involved in the prescribed training on how credit unions are governed. The manager, when being recruited, had to demonstrate experience and knowledge in the operation of credit unions. So the manager who was hired already had considerable experience. The staff being hired have to meet certain specified qualifications and so learning on the job is not built into the employment process.

Q. What training programmes would have been useful?

A. This is not applicable in the case of ANCU. As previously stated, directors and the manager already had considerable experience in the business sector and specific training was later provided.

Q. What are the positive attributes of the credit union model as you have experienced it?

A. The ultimate control and management of the credit union is vested in the members of the First Nation communities.

The required flexibility in lending to persons who otherwise are not adept in proposal writing will be beneficial. Many First Nation members are borrowing from lending institutions and are paying extremely high interest rates.

There is a certain amount of pride in knowing that First Nations people own a financial institution.

Business loans and other loans will be secured through a collection process, which at the same time respects the exemption from seizure of their assets.

The tax-exempt status of First Nations members (e.g., RRSPS and pension payments) will be respected.

ANCU, over time, will become a vital contributor to the self-government practices and independence of the First Nations.

Success breeds success, and ANCU can become a facilitating organization for other services to the First Nations.

Q. What are the negative attributes?

A. No negative attributes can be identified at this time.

Q. What general advice would you give to any group interested in developing a credit union?

A. You must be meeting a defined need. Rely on knowledgeable persons to help. Develop a plan of action. Understand client needs. Negotiate around obstacles. Use political strategies. Conduct business in a professional manner. Communicate plans and ideas to all those involved. Find out what the competition is doing; securing their help is even better. Be accountable.

Q. What kind of further assistance would you like to have from government?

A. It is not so much further assistance that the credit union needs. However, government rules that impede its operations services should be reviewed every so often. First Nations are unique identities in Ontario and Canada and so appropriate consideration should be given to their equally unique needs. This suggestion is made in the knowledge that the governments, both federal and provincial, seem to limit the potential of First Nations and want to keep them in a state of poverty. The government changes rules and adopts policies that will advance the needs of Canadians but will seldom do the same for First Nations.

Several years ago the government formed the National Aboriginal Financing Task Force and the report of the task force, titled *The Promise of the Future,* was published on 15 April 1996. This report contains many recommendations on achieving economic self-sufficiency through access to capital. However, not too much has improved since the report was issued.

The *Report of the Royal Commission on Aboriginal Peoples* (volume 2, chapter 5) also contains excellent recommendations on economic development, but one has to wonder when these recommendations will be put into play. Regulatory provisions are what prevent First Nations people from advancing in the way they want, economically and socially.

For example, the ANCU should appropriately be licensed or chartered by the First Nations or the Anishinabek Nation. Then, truly, we would be able to develop a financial institution that addresses our unique needs.

There are many connected needs that should be under the control of the First Nations such as licensing of businesses, free trade with other aboriginal groups, land use and management, etc.

If the government really wanted to facilitate the advancement of First Nations, not only in the business and financial sector, but in all areas, it can quickly do so. As the initial tool for advancement, the *Indian Act* can be amended fairly easily and quickly to accelerate the advancement of the First Nations. After all, it was amended fairly easily and quickly to make Canada look good when it was seen by the world to be discriminating against First Nations women who married non-Indians and so lost their status.

Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative

London, Ontario
Case Study Analysis Prepared by Kevin Fitzmaurice and David Newhouse
Department of Native Studies, Trent University

Executive Summary

The following report documents the stories of two Aboriginal housing co-operatives in the city of London, Ontario. Their origins are similar. They both accessed federal government support and applied a standard co-operative organizational formula: total member control and the availability of subsidized rent in exchange for member involvement in the running of the co-op. Both organizations have focussed development efforts on "scattered" housing. The Native Inter-Tribal Housing (NITH) Co-op has concentrated its housing in a particular neighbourhood in the west end, while the First Nations Housing Co-op (FNHC) has its homes scattered widely across the east end of town, primarily in the lower income areas of London. In terms of organizational structure, both co-operatives have a president, board of directors, a housing co-ordinator, and a series of committees. The FNHC, however, is experiencing more difficulties with the interrelated issues of unpaid rent, high turnover rates, and low member participation.

The two pressing priorities for both co-operatives today are to keep their funding agreements at the federal level and to work for new spending in the sector. Both organizations have resisted attempts by the federal and provincial governments to download funding responsibilities for co-operative housing to the municipalities. As well, both co-ops have been frustrated in their efforts to expand their services due to the complete absence of new government spending since 1994.

The Early Years

Both the Native Inter-Tribal Housing Co-op and the First Nations Housing Co-op began in response to the need for a decent standard of housing and a sense of community for Aboriginal people living in the city of London. In other words, due to the failure of the London housing market to respond to the particular needs of Aboriginal peoples, these two co-operatives were founded as a way to intervene in the market and to address the socio-economic barriers and challenges of Aboriginal housing such as: landlord racism and discrimination, low incomes, and the desire for an Aboriginal community within an urban environment. Financial difficulties coupled with discrimination were leading to overcrowded houses and apartments and ultimately to substandard health and safety conditions.

The NITH co-operative was founded in 1980 and is one of the oldest Aboriginal housing co-operatives in Ontario. After completing a comprehensive feasibility study in collaboration with the N'Amerind Native Friendship Centre, the NITH was incorporated in 1983 with a mandate to provide housing to Aboriginal[1] people in the city of London. Once having accessed federal funding, the NITH immediately purchased twenty homes in one particular neighbourhood. But the newly formed co-operative was quickly faced with a number of complaints from the non-Native residents who were becoming anxious about the growing Aboriginal presence. The president of the board of directors at the time was, however, able to ease their prejudices and fears by addressing a community meeting and providing information as to the co-op's structure and plans.

> The majority of the people didn't understand. The rumours were going around that the Natives are buying these houses, they're starting a co-op and each house is going to have two or three families in it … with fifteen or sixteen kids. And so we had this community meeting and explained to them that most people in the co-op had only two or three children and our by-laws state that members can't be 'under-accommodated' and so there is a maximum of two people to a bedroom. We also explained that we are going to be buying older houses and we are going to upgrade them and improve the neighbourhood.[2]

The NITH co-op emerged out of the local Aboriginal community of London. The six founding members,[3] who were committed to developing a housing co-operative for Aboriginal people, were aware of the various federal and provincial support programmes and willing to volunteer much time and effort. The Canadian Mortgage and Housing Corporation (CMHC) Housing Co-op programme, under section 56.1 of the *National Housing Act,* provided a great deal of support for this initiative in the form of a mortgage guarantee and a subsidy of ongoing mortgage payments. Under this programme, 15 to 18 percent of the units could be rented on a rent-to-income basis, with the remaining units required to be rented at fair market value. This core group of founders were able to further access the federal Urban Native Housing Programme,[4] allowing for the possibility of 100 percent of the units to have rental charges linked to tenant income.

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[1] Aboriginal identity is broadly interpreted as having some degree of ancestral or community connection and is documented by either a status card or a letter from a band office. Eligibility for becoming a member was further interpreted as having a former (and formal) three-month residency in the city as well as a household that was at least 50 percent Aboriginal.

[2] Butch Stevenson, NITH.

[3] Jack Christjohn, Shirley Christjohn, Butch Stevenson, Ivon Stevenson, Joel Johnson, and Colleen Johnson.

> It has never been necessary to have all of the units geared towards income because we do have a very diverse membership in our co-op. A lot of couples in our co-op are both working, they make good money, and are paying the market housing charge on their unit.[5]

Moreover, as part of their strategy to purchase and upgrade older homes, NITH was able to access home improvement subsidies from the CMHC Residential Rehabilitation Assistance Programme.

The origins of the First Nations Housing Co-operative are slightly different. In contrast to a founding group of six, the FNHC was started by two people in the N'Amerind Friendship Centre who were attempting to develop housing for Aboriginal students. They applied to CMHC and sought assistance from the Mackenzie Malo consulting firm. After it became clear that the CMHC programme was strictly geared towards family housing, they modified their application and were successful in obtaining a similar funding arrangement with CMHC as the NITH.

The co-ops pursued different strategies with respect to the location of their units. The NITH strategy was to focus on purchasing houses in a defined twelve-block neighbourhood in the west end of London, while the FNHC began by purchasing homes in various locations across a much wider area covering most of the east end of London.

The NITH co-op was able to obtain organizational support from London Community Homes (LCH),[6] a provincially based resource group that specialized in the development of co-operatives. The LCH provided a model of policy and procedure guidelines and a set of by-laws as well as various training programmes to assist members in their various responsibilities. Their assistance was critical to the founders of the NITH in its early stages. Training was provided in the areas of how to conduct meetings, create job descriptions, determine roles and responsibilities, and deal with conflict resolution. The policy and by-law models were amended to meet the NITH's particular needs and then accepted by a general membership vote.

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[4] A joint initiative of CMHC and the Department of Indian Affairs and Northern Development.

[5] Butch Stevenson, NITH.

[6] Their name later changed to Community Homes of South Western Ontario.

> For example, each committee received training in conducting meetings, reviewing and developing job descriptions, so that each committee knew exactly what their function was and that they weren't overlapping, and the board was trained on what specifically a board of directors of a housing co-op was expected to do. Their rights and responsibilities were clearly outlined in the by-laws as well. And, as other types of training became available, we were always notified.[7]

As well, other local co-operatives were consulted for advice and were quite helpful. It is important to note the general ethic of sharing information and offering support that seems to exist among co-operatives. Two groups in particular were helpful in the early days – the Community Homes and the South West Ontario Co-op Housing Federation (SWOCHF). Similar to the London Community Homes resource group, the SWOCHF provides education and training opportunities to members as well as model by-laws and job descriptions.

In southwestern Ontario there is a fairly close link between co-operatives, both Aboriginal and non-Aboriginal, and back then when there were so many co-operatives developing everybody was working to help each other. One of the principles of a housing co-op in Canada is co-operation amongst co-ops. And so it is not unusual to get a call from another co-op saying 'We're having trouble with this; do you have any suggestions as to what to do about it?'[8]

In contrast to the NITH's use of a broad base of support from agencies within the co-operative housing sector, the FNHC received a similar type of support (standard by-laws and regulations and membership training) from their consultant, Mackenzie Malo.

Upon receiving funding approval in 1983, the NITH co-op immediately purchased twenty homes. Over the course of the next eleven years, they continued to expand considerably, ending up in 1994 with sixty-two homes. This was the year that the Urban Native Housing Programme was terminated and the remaining programme funds were distributed to the various co-ops for housing purchases. The FNHC experienced a similarly rapid expansion of services and has been able to accumulate forty-two homes during the seven years from 1987 until 1994.

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[7] Denise McGahan, NITH.

[8] Denise McGahan, NITH.

In 1995, when the Conservative government returned to power in Ontario, funding for co-operative housing was immediately stopped and the NITH co-operative had to terminate negotiations for the purchase of two new homes. Moreover, the London Community Homes resource group disbanded shortly after this time as their services became increasingly redundant given the halting of new developments.

In addition to providing housing, the NITH supports community activities and programmes by providing meeting space and administrative assistance such as photocopying and the use of office space. Many co-op members are actively involved in organizing a wide range of programmes for students through the local Community School Association. The NITH became involved in successfully promoting an urban Native language education programme in the local school and was at one time the delivery agent for the Ontario Aboriginal Healing and Wellness Strategy, a responsibility that was later taken over by a neighbouring First Nations community.

> We try to stick mostly to housing, but members of the co-op did develop an Urban Native Parents Association and they were instrumental in getting the Native language taught in the neighbourhood school and actually they went on to branch out to other schools in London that had a concentration of Aboriginal students. As well we became a health access centre as part of the Healing and Wellness Strategy and so we were able to bring some of these services into the city.[9]

The fact that a local First Nations community took over the health access centre, funded by the Healing and Wellness Strategy, seems to point to a degree of uncertainty surrounding the control and jurisdiction over services to Aboriginal people in urban areas. In this particular case, the NITH was criticized publicly by a local First Nations chief for their attempt to seek representation as the "Aboriginal seat" on the board of the Co-operative Housing Federation of Canada. The criticism revolved around the questions of jurisdiction and control. In other words, the chief was questioning whether or not an independent Aboriginal housing co-op has the authority to represent Aboriginal interests in this area. As this was a more or less recent occurrence, it is perhaps a good time to move from the early years of the co-ops to current issues.

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[9] Denise McGahan, NITH.

Current Issues

Both the NITH and the FNHC protect their existing agreements and seek out new sources of funding through their affiliations with provincial and federal organizations. For example, the CMHC Housing Co-op programme (56.1) ended in 1985 and was replaced by the Index Linked Mortgage (ILM) programme and partnered with the provincial government. However, given the successful lobbying of both federal and provincial co-op housing organizations, the new ILM programme policy guidelines specifically guarantees that the NITH and the FNHC will continue to be funded federally.

> It is about involvement and ownership. Our lobby campaign was grass roots, actual members organizing and contacting MPs saying, 'I don't want Mike Harris in charge of my home,' and this effort has been effective.[10]
>
> If the co-op defaulted, we have over $8 million in property with maybe $3 million still owing. This is why when Harris was elected he said that the first thing that he was going to do was to sell off all the social housing. But he soon realized that he didn't own it, we the members own it. And so the first thing that he did with the provincial co-ops is give them the 21.9 percent budget cut with the hope of driving them into bankruptcy and then forcing them to sell.[11]

It is important to note that, in spite of CMHC policy,[12] the original design for the NITH co-operative was for scattered housing within a specified neighbourhood, and they were consistent in this approach until the purchase of fifteen townhouse units in 1994. The townhouse complex created an entirely new set of problems relating mostly to privacy. Since this development, the board of directors has been obligated to spend much time and effort dealing with internal disputes between townhouse members:

> If you were to talk to a number of other co-ops, the ones that are townhouse complexes, the first thing that they are going to mention are members' issues – one member is having a problem with another member and somebody has to resolve it and it usually ends up at the board of directors and everybody is involved and choosing sides ... and until we had the townhouses we had little to none of that. We did save money on maintenance in terms of buying a new complex, but that saving came with all of these other issues and so we went back to scattered housing in our last expansion.[13]

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[10] Butch Stevenson, NITH.

[11] Butch Stevenson, NITH.

[12] CMHC policy privileges condo-style, group housing developments.

[13] Denise McGahan, NITH.

In comparison, the FNHC cited unpaid rent as being a serious problem that affected not only the economic viability of the co-op, but member willingness to participate as well.

> We had a year when we had a real lot of arrears and we had a really bad time with it. It got so difficult that we had a president at the time say that he had his tires slashed on his car. And someone else's house got broken into. And so we do have a hard time getting people to be board members ... because they don't want to be involved. We have had a big turnover in members forever. They come and go, there are a lot of arrears and there are a lot of evictions. Someone has to do that and they don't really like to do this. A lot of compassion is shown to people that can't make their rent, and often we will temporarily not charge people rent. Evicting a family onto the street is a really difficult decision to make for many people, and sometimes these decisions have to be made.[14]

As well, since 1994, the Conservative government's cut-backs in all areas of social spending (including co-op funding) have had a ripple effect on the FNHC membership, exacerbating the already high turnover rates.

> We found that the turnovers started changing really drastically in the first year that Mike Harris came into government and cut subsidies and the welfare mother's allowance and others. We had a lot of moms that couldn't afford to live in the units anymore. Yes, our rent is geared to income, but the tenants are still responsible for heat and utilities, and London hydro could be two to three times their rent.[15]

Funding for co-operative housing was one of the first spending cuts made by the present provincial government in spite of long waiting lists in this sector.

> We go on a waiting list campaign when we need to because for many years we had people waiting and waiting – unrealistically. So we might have six people on our waiting list right now and we could get down to two and then do a blitz on applications and get up to ten people and then we're happy with ten. Because it takes six months, a year, two years, to get in.[16]

As a result of these social spending cuts, there have been no new homes purchased in the last five years. In 1994, the NITH proposal for the acquisition of two new properties had to be cancelled. "Most Native people who live in the city, unless they have a really good job, are living in slum households. London has a low vacancy rate and so it is easy for the landlords to say no."[17]

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[14] Mary Smith, FNHC.
[15] Mary Smith, FNHC.
[16] Ibid.

As previously stated, the London Community Homes resource group, which was instrumental in terms of education and training during the early years of the NITH, has disbanded. The South Western Ontario Co-operative Housing Federation and the Co-op Housing Federation of Canada continue to provide training for members, although they are presently charging for these services. As time passes, and if members continue to live in the co-op, they are able to learn from each other so that education and training can be provided internally.

Organizational Structure

The NITH and FNHC co-ops are owned and run entirely by their members as nonprofit organizations. There are no formal political or financial ties to any First Nations community or organization. This form of independence is considered crucial to fostering a welcoming atmosphere and a sense of collective ownership to a culturally diverse group of Aboriginal people. Moreover, as they do not want to be seen as drawing people from reserve communities to the urban centres, CMHC encourages this sense of independence and disconnection between the First Nations communities and the urban housing co-operatives. They achieve this by requiring the applicants to have a minimum three-month previous residency within the city of London before being eligible for co-op membership.

The NITH co-op has a president and a board of directors that consists of nine elected members whose two-year terms are staggered so as to provide continuity in decision making. Elections run on a two-year cycle whereby five board members are elected at the annual general meeting and then four are elected the following year. After four consecutive years on the board, a member must take a two-year break before seeking a re-appointment.

> I have seen co-ops where the board of directors hasn't changed in ten to fifteen years … and of course that is no good as the organization becomes stagnant with no new ideas being generated by new people.[18]

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[17] Butch Stevenson, NITH.

[18] Butch Stevenson, NITH.

The board works with the housing co-ordinator and the various committees and makes decisions on most political and financial matters such as membership issues and acquisitions. The housing co-ordinator is the chief administrator for the co-operative and oversees the day-to-day operations of the office and the nine committees, which include maintenance, work party, membership, finance, social, newsletter, youth, office, and cleaning.

> For example, our work party committee goes out if there is a unit to be painted or other general maintenance like fences to repair … and to help some of our Elders if they need their grass cut – things like that – this committee is able to help those who are unable to do this work themselves, and the board determines who these people are.[19]

The by-laws outline the decision-making authority of the various components of the co-operative, and whether an issue should be brought to the general membership for a resolution. All decisions are made by a majority vote, and by-laws may only be changed by both the board of directors and the membership.

The FNHC organizational structure is more or less the same as that of the NITH, with a president, a board of directors, a housing co-ordinator, and a series of committees. A notable difference is that the FNHC co-op does not have a finance committee. Issues of rent payments, rent debts, and other organizational financial matters are considered confidential and fall with-in the jurisdiction of the board of directors. As well, the FNHC has a participation committee that works to ensure that members are meeting their co-operative obligations to be actively involved in the running of the organization.

In return for their service on the committees or the board of directors, members' rent payments are subsidized such that they are never more than 25 percent of their gross income. NITH member involvement in the operations of the co-op leads to a sense of community and shared ownership as well as a commitment to the organization. Many residents are long term and have been with the co-op since its early years.

The FNHC also operates under this standard co-op arrangement of subsidized rent in exchange for member involvement in the organization. In the case of FNHC, however, there appears to be a higher turnover rate for members and less of a desire to participate in the co-op's management.

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[19] Denise McGahan, NITH.

> The general population of the co-op just doesn't like to be involved. This was always one of my questions as to how we became one in the first place; it just seems a lot more difficult than other nonprofit housing that I have been involved with. A lot of our people they don't like their business to be known and they don't like to bother to know other people's business. The co-op part of things always seems to be a hassle. For the members – they are here for the low rents and not for the co-operation aspect.[20]

The NITH attempts to promote member involvement by striving to be culturally sensitive and to respect traditional Aboriginal practices. This has proven to be challenging given the cultural diversity of members and the desire for inclusiveness. However, when deemed appropriate, meetings begin with prayers and traditional foods are sometimes served at socials.

> There is a sense of this co-op as being an Aboriginal community. We have a lot of members come to us because that is what they want. They are living in the city and they want to live within the co-op so that they are living with their people of the same culture. The socials that we do, we try to keep culturally sensitive, and people like that.[21]

Finally in the area of organization, the NITH and FNHC co-ops are presently members of three larger organizations that provide both political advocacy as well as ongoing organizational support – the Co-op Housing Federation of Canada, the National Aboriginal Housing Association, and the Native Home Providers.

General Comments and Advice from Respondents

When asked for their general comments and advice to those thinking of developing an Aboriginal housing co-op, the respondents reflected on the considerable number of homes purchased over the last fifteen years and the continuing demand for more decent and affordable housing for Aboriginal people in the city of London. As well, respondents noted the challenges of asserting and protecting their political interests as an urban Aboriginal organization in the face of resistance from First Nations governments to this form of political representation. Respondents also spoke of the difficulties of ongoing landlord racism and discrimination, and the importance of pushing for scattered-style housing developments in spite of the CMHC policy preference for condo-style group housing.

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[20] Mary Smith, FNHC.

[21] Denise McGahan, NITH.

Since 1994, one of the biggest problems facing Aboriginal housing co-operatives has been funding. There is presently no federal money for off-reserve housing, and in Ontario today there is clearly no interest in co-operative housing at all. The political responsibility for housing has been devolved from the province to the municipalities without a corresponding increase in their tax base. Overall, the co-op sector is strong in terms of the education and training services that are available and the successful lobby effort that kept existing agreements within federal control. However, there is a continued and growing need that is not being met for decent and affordable housing for Aboriginal people in urban areas.

> And so, without any programmes we are not able to develop any further; we are not able to expand, and we do have a need, but people sit and wait on waiting lists and the lists are getting longer. The federal government is not providing off-reserve housing and the provincial government is stepping totally out of social housing and is passing it all down to the municipalities, and as long as we are tied into our thirty-five-year agreements we are not able to use any of our properties as collateral in order to buy new homes, but after this period our mortgages will be paid for and then we would be able to expand.[22]

As a general comment, it was felt important not to overlook the personal developments that can take place within a co-operative type of organization.

> In this co-op anyway, you have people sometimes with no formal education or training and they will come to realize that they are successfully managing a $5 million corporation and we have people who would shy away from the finance committee who, two years later, were on the board as treasurer. The co-op can give a person life skills and help with their self-esteem. I mean otherwise where would any of us in this co-op get a chance to run such a large corporation? This here is our home and if we don't do it right we lose our homes.[23]

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[22] Denise McGahan, NITH.

[23] Butch Stevenson, NITH.

Socials have also become an important part of the FNHC's activities:

> When they do have their gatherings I would say that maybe 65 percent of the people show up and so you get to see them, their children, and guests that they bring all interacting and it is usually a potluck gathering and everybody brings something and the social committee provides so much. That's the highlight, these are the nice times.[24]

Advice was also offered in a number of areas relating to the organization and administration

of the co-operative. Perhaps most importantly, all respondents recommended that a Native housing co-op must provide scattered rather than a group-home type of development. For the NITH co-op, for example, the condo-style arrangement has led to lack-of-privacy concerns and small-community-type intermember conflicts that require conciliation at the board level and consequently keep board members from other more pressing matters.

It is further important to set careful and fair standards for membership eligibility. It is imperative that each member be able to pay their rent, and so conducting a thorough landlord reference check is very helpful. As well, applicants to the co-op must be clearly informed as to the ethic or community culture of the organization and be willing to play an active part in its activities.

> Before people move into the co-op here they are required to attend an information session and we go through what is expected from you as a member and what you can expect in return. We talk about all of the committees and the board of directors. We talk about how we calculate their housing charges, when they are due for payment, we talk about our pet policy, etc. And sometimes after they have attended our information session some people say, 'Hey, this is not for me. I don't want all that hassle.'[25]

In terms of the early stages of development, the NITH housing experience demonstrated the need for between six to twelve people who are willing to commit a great deal of their time and who are prepared to meet at least two to three times per week. As well, it was considered important to develop both internally as well as externally. There must be equal attention paid to member education and training as well as to expanding into new properties. It was considered critical that founding members be trained in the area of house selection and purchasing; too many of FNHC's early homes were poorly selected, which resulted in ongoing high maintenance costs. And internal development must also mean ensuring adequate resources be allocated to the management of the co-op. In the case of the FNHC, there was a clear need for decent office space as well as a common area for members.

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[24] Mary Smith, FNHC.
[25] Denise McGahan, NITH.

Lastly, it was recommended that in order to encourage a sense of community ownership and involvement, founding by-laws should be adopted by the entire membership, and that any future amendments must be supported first by the board of directors and then by the membership at large through a majority vote.

Appendix 1

Questionnaire

1. When did the co-operative emerge?
2. Who were the founders?
3. What network or networks were central to the founding of the co-operative?
4. Were there any special characteristics of the groups of people or location in which the co-operative emerged that help to explain its development (e.g., a number of co-operatives already in existence, band organization already informed about co-operatives, etc.)?
5. What kind of activities (business and social) did the co-operative undertake?
6. Have the activities changed?
7. What were the key issues confronting the co-operative in the early stages?
8. What role was played by government?
9. What role, if any, was played by other co-operatives?
10. How was funding secured?
11. How did the elected leadership of the co-operative learn about their roles and responsibilities?
12. How did the managers and employees learn about their roles and responsibilities?
13. What training programmes would have been useful?
14. What are the positive attributes of the co-operative model as you have experienced it?
15. What are the negative attributes?
16. What general advice would you give to any group interested in developing a co-operative?

17. What kind of further assistance would you like to have from government?
18. What kind of further assistance would you like to have from the sector?

Appendix 2

Researchers interviewed two senior representatives from Native Inter-Tribal Housing Co-operative, and as a result of that interview, were also able to interview a representative from the First Nations Housing Co-operative. Although the latter interview was shorter and less detailed, it provided a different perspective on co-operative housing in London and some interesting contrasts to the NITH experience. The interviews were structured around a series of eighteen questions, outlined in Appendix 1 (above), which were used as a starting point for a series of related discussions.

The two NITH interviews are the focus of this report, with information from the FNHC interview incorporated as a series of contrasting perspectives. Quotations are used throughout to allow respondents to tell their stories as directly as possible.

Respondents

Butch Stevenson, one of the founding members of NITH and present board member, vice-president of South Western Housing Co-operative Federation
Denise McGahan, housing co-ordinator, NITH
Mary Smith, housing co-ordinator, FNHC

Appendix 3

Trent University Research Consent Form

I .... (respondent) agree to participate in the Aboriginal Housing Co-op Survey conducted by the University of Saskatchewan in collaboration with Trent University (Native Studies) and I consent to being interviewed by .... (researcher) on .... (date). I, the undersigned, agree that the researchers may use any or all information and quotations from this interview/survey for the purposes of this study. The results from this research are confidential and are the property of the research team. If you have any conditions that you would like to place on this interview/survey please specify:(check one)

1) No conditions
2) Guarantee of my anonymity
3) Other conditions, as specified below:

I agree .... or do not agree .... (check one) that the interview can be tape recorded. If you agree, the tape will be destroyed within sixty days of the end of the project. I understand that I am free to withdraw from participation at any time.

Signature of respondent: ....
Signature of researcher ....
Witness ....
Date of signatures:...

Akochikan Co-operative

Mathias Colomb Band, Pukatawagan, Manitoba
Case Study Analysis Prepared by Juliano Tupone

Pukatawagan is an isolated Cree community located in northern Manitoba approximately six hours by train from Thompson and The Pas. The community is also a First Nations Band called Mathias Colomb Band. Before being relocated to Pukatawagan after a devastating forest fire, community members lived at the Prayer River Reserve, located near Pukatawagan. The community has undergone several changes since the creation of the first reserve at Prayer River. Members of the community were forced into the residential school system, as was the case with most First Nations throughout Canada. Several social and economic disparities face the community of Pukatawagan, such as high rates of unemployment (estimated to be in excess of 80 percent), poverty, and a loss of Cree culture.

Economic development in northern Manitoba is a daunting task, particularly when there are so many social issues that must also be addressed to ensure sustainable development. For decades there has been little opportunity for the community of Pukatawagan with respect to economic and social development. That began to change, however, when a group of band members got together in 1996 to explore ways to develop the reserve economy and address some of the social issues the community faced.

History

For decades, the Hudson's Bay Company has served Pukatawagan by operating a general store off-reserve near the community. The Northern Store has essentially had a monopoly in the area. While conducting research into different methods by which to develop the reserve economy, Ralph Caribou, a former chief of the Mathias Colomb Band, discovered the co-operative model. Meetings were held with band members to discuss the possibility of bringing a new company such as IGA into Pukatawagan to compete with the Northern Store. As a result of Chief Caribou's research, however, community members decided to form a co-operative to provide the retail services they required.

They chose the name Akochikan Co-operative Association Limited. *Akochikan* is a Cree word that roughly translates as "cupboard," and originates from a Cree cultural practice. When people from the community used to go out into the bush to hunt, fish, and trap, they would set up storage compartments at convenient locations. Constructed high up in trees so that animals could not get at the supplies, these compartments would be stocked with food and provisions for anyone to use. When someone used supplies from the Akochikan, they would restock it afterwards so the next passerby could use the supplies if needed.

Band members approached Arctic Co-operatives Limited (ACL), a wholesaler owned by its member co-ops in the North, for assistance in establishing a co-operative store in Pukatawagan. Community members, however, played the most crucial role in establishing the Akochikan Co-operative. The fact that the community would own the retail store was a significant factor in the decision to use a co-operative model. The band government supported the establishment of the co-operative financially by providing $70,000 to stock the new store and get it up and running. Apart from this funding, no further financial assistance was acquired to start the co-operative.

When the Akochikan Co-op first opened, operations were limited to a retail store that sold grocery items. Since the founding of the co-op, however, a restaurant has been added and an automated teller has been installed in the building where the co-op is located. The co-op store has also started carrying supplies for persons with diabetes due to the need for such goods in the community. The members and board of directors are continually reviewing potential ventures in which the co-op could invest. For instance, the co-op is looking at beginning a logging operation to supply lumber to the local construction company and possibly to other parts of northern Manitoba and the Arctic. As some members of the community are self-employed as commercial fishermen, the co-op is also looking at selling northern pickerel as well as developing a marketing system to obtain better prices for the fishermen's catch.

Education and Training

When the Akochikan Co-operative was first founded, meetings were held to educate community members about the role of the co-operative, as well as co-operative principles. Board members such as Lorna Bighehy and Irvin Pronteau stressed the importance of dialogue among co-op members and directors, pointing out that members had to be made aware of the benefits of a co-op and why it was being started in the first place. Lorna and Irvin have found that the more people within the community know and understand about the co-operative system and co-operative principles, the more they support the co-op. Board members are committed to teaching others about the role and benefits of the co-op, particularly the youth within the community. Recently, members of the co-op went on a local radio programme to talk about the co-op in detail, so that more community members would develop a better understanding of what the co-op is.

While it is important to educate the community, who are all co-op members in this case, about the Akochikan Co-op and the co-op system, it is also important that adequate human resources training be available to co-operatives such as Akochikan. Initially, a retail manager for the co-op store was brought in from outside the community, with ACL taking on the responsibility of interviewing and hiring a manager with training and experience. Currently, two local band members are being trained for management positions in the store, and the co-op is also focussed on training local persons as employees. Irvin feels strongly that there will be better management and services if locals are trained to manage them. One of the current management trainees is fluent in Cree and English, so she will be able to communicate with older community members who don't speak English well, or at all. Both the board and co-op members feel that local managers will be more in touch with the culture of the community, and that will make customers more comfortable when using the co-op's services.

Training programmes are needed to enable residents of Pukatawagan to develop the necessary business education to effectively manage the co-op's operations. The need for such programmes and money to take advantage of them, however, is not a recent development. Co-op members would like to see more assistance and support from the federal and provincial governments to enable more community members to seek business training and education. Board members feel that it would be a great help to co-ops such as Akochikan and communities like Pukatawagan if more Aboriginal people could be trained in business and co-op principles. One current employee of the Akochikan Co-op would like to go to school to study business and learn more about the co-operative system and principles, then return to Pukatawagan to work for the co-op and the community. Money for such an endeavour, however, is not readily available. Irvin notes that the Akochikan Co-op is growing and gaining more support from community members, and he feels that the federal government (through departments such as Indian and Northern Affairs) should support the co-op system as well.

Community Impact

Since the founding of the Akochikan Co-operative Association, the community of Pukatawagan has seen many positive changes. People see value in the fact that the co-op is a business owned and run by community members. The co-op store provides services to community members while recycling money within the community, whereas privately owned business ventures remove money from the community. Approximately 30 to 40 percent of community members are involved with the co-op, primarily by utilizing services such as the retail store and restaurant. It is important to note that members of the Akochikan Co-op enjoy social as well as economic benefits. Members of the community and the co-op see the co-op model itself as something positive, which is a refreshing departure in a community with many social and economic disparities, where it is easy to focus on what is negative rather than what is and can be positive. Irvin and Lorna feel that because the co-operative model is community based, it will continue to play a significant role in building a strong, positive future for the youth of the community as well as future generations. It is also felt that the co-operative model will enable the community of Pukatawagan to develop stronger ties with other Cree and First Nations communities in Manitoba, as well as with Inuit communities in the Arctic.

The co-operative plays a significant role in economic development within the community of Pukatawagan as well. Due to the nature of the co-operative model, as has been mentioned, profits from the co-op are kept within the community, rather than leaving the community, as is the case with many privately owned businesses. And because the co-op is located on reserve, there are tax incentives of which band members can take advantage. For instance, band members who work in the co-op do not have to pay income tax or sales tax on items purchased in the co-op store. Members of the co-op also actively support local businesses such as the Missinippi Construction Company, which is owned by the band, when contracting services are needed.

The co-op also supports local artists. For example, it is looking at having a local artist do prints for t-shirts that will be sold in the co-op store and perhaps marketed outside the community as well. There is another initiative to buy and sell clothing designed and made by a local entrepreneur. And there are plans to start selling soapstone carvings in the retail store and also market them to tourists who come to the area to fish and hunt.

The co-op supports local businesses and encourages local employment as much as possible. Recently, it hired a local mechanic to repair a four-wheeler owned by the co-op, rather than shipping the vehicle out of the community for repairs. When the co-op needed picnic tables for the restaurant, a local carpenter filled the order.

The co-op also works on community social initiatives as well as economic development initiatives. It donates to events such as the Women's and Men's Wellness conferences that take place in the community. When the new school was opened, the co-op purchased a soapstone carving called *The Lost Warrior* from a local artist and donated it to the school as a symbolic cultural gesture. The warrior needed a home, and the school seemed an appropriate place from which he could watch over members of the community. The carving is also intended to remind children of their culture and that part of it that has been lost, which the community is working hard to regain.

Overall, the co-op has made a positive impact on the community. As Irvin stated, "Any little way we can, we give back to the community – there's a continuing cycle of improving things." This statement essentially outlines the role that the Akochikan Co-operative Association plays in the community of Pukatawagan.

Financial Information

Despite the relative youth of the co-operative association, there has only been one fiscal year in which a net loss was recorded – 1997. Sales also dropped slightly in 1997, from $1,053,027 in 1996 to $1,043,302. Apart from 1997, Akochikan has managed to record a profit, as well as increase member equity, every year. Total assets have increased every year, from $286,437 in 1996 to $360,137 in 1999.

Return on equity, change in sales, assets, and member equity for the Akochikan Co-operative Association, 1996–99

	1996	1997	1998	1999
Return on equity	15.89%	-41.05%	0.93%	16.36%
Change in sales	–	-0.92%	2,12%	12,16%
Change in assets	–	2.44%	3.00%	19.17%
Change in member equity	–	-29.10%	0.94%	127.52%

As shown in the table, there was an increase, or positive change, in all of the indicators in every year except 1997, when the co-op experienced a net loss (see Appendix for Statement of Operations). For a business that has only been in operation four years, Akochikan is doing quite well. As Irvin and Lorna have noted, the members and the board of directors view the co-operative as more than just a business with the ultimate goal of making money and turning a profit. The Akochikan Co-operative Association also plays a social role in the community.

Barriers to Development

Establishing the Akochikan Co-operative was not an easy task, nor is its continued operation. It is difficult to obtain adequate financing for co-op expansion, for instance, and to train co-op and community members in business and co-operative education. The co-op is also looking into establishing a credit system for members in order to become more competitive with the Northern Store, which operates a credit system that encourages community members to shop there and charge their purchases. And while the co-op does not want to force the community to shop at the co-op by establishing a credit system, it does hope that the system will give community members a choice as to where they can shop. It has, however, been difficult to find the funds to establish a credit system for the co-op.

Board members would also like to see more support for the co-op from community leaders. While the band supports the co-op officially and continues to play a crucial financial role in its operation, not all community leaders support it by attending meetings or even shopping there. The board feels that if community leaders supported the co-op by using the services more often and establishing community meetings to educate others about it, most of the people within the community would also actively support it. Irvin and Lorna note that it is important for any Aboriginal community to have support from leaders if a co-op is to be established, because community leaders play a crucial role in encouraging others to support the organization.

Community Involvement

Every person who is a member of the Mathias Colomb Band is also a member of the Akochikan Co-operative Association. The founders of the co-op felt that all band members should also be members of the co-op since the band government contributed the necessary start-up capital. Approximately thirty to forty percent of band members support the co-op by shopping at the retail store. Youth are quite involved in the co-op, with some youth members employed by the organization on a part-time basis. Active members have discussed ways in which to get more youth involved in the co-op, such as setting up a youth area within the building to make them feel as if the co-op is something of which they are a part. There is a commitment to teach youth about the co-op and co-operative principles so they can continue to play an increasing role in the organization as they grow older.

Elders have also played a significant role in the co-op since it was founded in 1996, with a number participating in its initial establishment. Many see the co-op system as a way for the community to develop greater self-sufficiency. Some Elders do not actively support the co-op because of loyalty to the Northern Store, which has been in the community for decades. During World War Two, the Northern Store helped the community a great deal by giving credit to families and supporting the community while several of the men were serving in the military. Many Elders remember how the Northern Store helped families out during that time and feel a sense of obligation to support it as a result. Many women within the community also support the co-op, but more education about the co-operative system and principles is still needed so that people will better understand how beneficial the co-op is to the community.

While there is still a need for more people to become actively involved in the co-op, it has not been difficult to attract community members to run for positions on the board. The current board of directors has a fairly diverse make-up. There are seven members on the board, four women and three men. Two directors run the local day-care centre, one is a former chief, one is a teacher, one works as a financial officer at the local nursing station, and two are Elders. Irvin and Lorna have said that any co-operative in an Aboriginal community should have Elders sitting on the board of directors, as they fulfill a crucial leadership and educational role in the community.

Community members and people from other Aboriginal businesses in the community have a generally positive attitude towards the co-op. There are not a great number of businesses in the community, and there is some concern that the co-op will take over all or most of the businesses and end up becoming a monopoly. Irvin notes that there are not many people who do not support the co-op in principle. The Northern Store is quite concerned because the co-op is becoming more popular amongst community members.

Despite some negative sentiment towards the co-op, the overall experience has been very positive, and not only with respect to economics. As Irvin noted, "The co-op brings people together. People who don't normally associate have come together to get involved and socialize – It's a real positive thing." The co-operative structure itself has encouraged people to come together and work towards common goals.

Future Endeavours and Expansion

The Akochikan Co-op is currently in the process of developing a new facility for co-op operations. Financing of this initiative and others was co-ordinated by the Arctic Co-operatives Development Fund (ACDF). The band government and Indian Affairs are making significant financial contributions to the construction project – approximately $600,000. The remainder – approximately $1 million – is being borrowed from Peace Hills Trust, an Aboriginal-owned financial institution. While funding has been successfully obtained for this project, Irvin and Lorna emphasize the fact that the co-op must manage the funds wisely to ensure financial stability. The new co-op building will be a useful asset as operations and the range of goods carried within the retail store expand, as it did recently when the first load of furniture was brought in.

There are also several ideas being discussed with respect to economic development that revolve around the co-op. Board members met previously to discuss a proposal by the co-op to supply the band with trailers to help alleviate some of the severe housing shortages in the community. Chief and council, however, did not pick up this particular project. The feasibility of starting a fishing co-op is also being explored, since some community members are active in commercial fishing. There are difficulties associated with this process, particularly political issues, as the provincial and federal governments both play a significant role in development based on natural resources. Information is still being gathered on fishing co-operatives at the time of writing, and there is a significant interest in establishing a fishing co-op in the community.

Lumber operations are also being considered. Ideally, the co-op will start a small sawmill operation using lumber from the local area. Such an endeavour would provide employment to some community members, and lumber could be used for local projects such as the construction of much-needed homes. The co-op recently purchased a delivery truck for hauling diesel fuel and obtained a contract to supply the local construction company with diesel for a project. Currently, there is not a great deal of consideration being given to using a co-operative structure to provide other services such as health or child care, as the community already has these services in place.

Advice to Others

Starting a co-op involves a significant amount of hard work and dedication. Irvin and Lorna advise other communities and groups interested in starting a co-op to think about several things. When looking at economic development opportunities in a community, the benefits of a co-op should certainly be considered. With a co-op, money stays in the community and comes back to the people. The community also decides what should be done with the money that is made through co-operative activity.

Communities and groups need to be careful about their co-op getting involved in too many different projects. A co-op can be extremely beneficial to community development, but it is important to have good financial management to ensure that the co-op survives. Do not rush into projects without first considering their feasibility. Work hard during the first couple of years of operation to build adequate capital. Work on acquiring customers and members during the early years as well, in order to build a strong foundation of support. Profits should be reinvested into the co-op for the first couple of years to ensure that it is financially stable. Once the organization is financially strong and on the way to expansion, patronage dividends can be paid out. These principles must be communicated clearly to the membership so that everyone understands the importance of building a strong co-op.

Any new co-operative requires an experienced manager, one who will be committed to the business and work for the people to see the community and the children of the community benefit from it. A co-operative can help to build a future for a community because the nature of the organization enables people to get involved in something positive, rather than just operating a business. A co-op also provides a social network that can be used to help communicate these values when starting a co-op, so people will more clearly understand the various benefits that can result from using a co-operative structure for development. In Aboriginal communities such as First Nations, it is also important to get chief and council involved in the co-op, because as leaders they have a great influence on community members.

Financial Information

Name of Co-operative: **Akochikan Co-operative Association**
Location: **Pukatawagan, MB**
Incorporation Date: **1995**
Fiscal Year End: **31 August**

Statement of Operations	**1995**	**1996**	**1997**	**1998**	**1999**
Sales	0	1,053,027	1,043,302	1,065,402	1,194,908
Contract and other revenue	0	0	0	0	116,422
Total revenue	0	1,053,027	1,043,302	1,065,402	1,311,330
Gross margins – sales	0	279,421	243,322	404,618	341,266
Gross margins – contracts and others	0	0	0	0	72,849
Total margins	0	279,421	243,322	404,618	414,115
Total expenses	0	283,435	298,891	417,881	396,418
Operating savings (loss)	0	(4,014)	(55,569)	(13,263)	17,697
Other income	0	23,688	19,543	14,088	15,286
Net Savings (Loss)	**0**	**19,674**	**(36,026)**	**825**	**32,983**
Balance Sheet					
Current assets					
Accounts receivable	0	61,467	65,971	14,056	85,878
Inventory	0	81,076	59,920	95,821	139,225
Other current assets	0	35,411	32,500	66,273	45,710
Total Current Assets	**0**	**177,954**	**158,391**	**176,150**	**270,813**
Fixed assets	0	88,930	98,841	76,947	24,241
Other assets	0	19,553	36,180	49,105	65,083
Total Assets	**0**	**286,437**	**293,412**	**302,202**	**360,137**
Current liabilities					
Accounts payable –NWTCBDF	0	0	0	0	0
Accounts payable – other	0	81,649	124,642	123,485	137,998
Other current liabilities	0	0	0	9,119	20,558
Current portion LTD	0	0	0	0	0
Total Current Liabilities	0	81,649	124,642	132,604	158,556
Long-term debt	0	81,000	81,000	81,000	0
Less: current portion	0	0	0	0	0
Total long-term debt	0	81,000	81,000	81,000	0
Total Liabilities	**0**	**162,649**	**205,642**	**213,604**	**158,556**
Deferred Government Assistance					
Members' Equity					
Shares	0	147	155	158	158
Other	0	123,641	87,615	88,440	201,423
Total Members' Equity	0	123,788	87,770	88,598	201,581
Total Liabilities and Equity	**0**	**286,437**	**293,412**	**302,202**	**360,137**

Neechi Foods Co-operative Limited – Update 2000

Winnipeg, Manitoba

Case Study Analysis Prepared by Juliano Tupone

Neechi Foods Co-op Limited is a worker co-operative located in Winnipeg. The co-operative operates a small grocery known as Neechi Foods Community Store at 325 Dufferin Avenue in the north end of the city. The word *Neechi* means friend in Cree and Ojibway.

The co-operative was formed with help from a coalition, of which Neechi is a part, known as Winnipeg Native Family Economic Development Inc. (WNFED). The store began operations in January of 1990, and in the early years, WNFED was central to its development. Several individuals played key roles in starting the Neechi Foods Co-op. The founders were Russ Rothney, Louise Champagne, Elaine Clark, and other workers who have come and gone over the years. Currently, the co-op is also involved with the Winnipeg Community Development Business Association (CDBA).

There were several special characteristics of the groups of people who founded Neechi Foods. The idea for the co-op evolved out of a project group initiated by an intensive Aboriginal Community Economic Development Officer training programme, which led to the project prioritization and to the first Neechi project appraisal. Many Aboriginal people took part in the establishment of Neechi Foods. Several graduates of the Aboriginal Community Economic Development Officer programme, such as Louise Champagne and Russ Rothney (instructor), were already heavily involved with community-based development initiatives in the Winnipeg area. Several people and organizations committed to the revitalization of some of Winnipeg's inner-city neighbourhoods also played an important role in the Neechi Foods project.

Operations

Initially, Neechi Foods opened a single store that sold grocery items such as produce and dry goods. The store played an important economic and social role in the community, and developed various specialty projects such as the fresh fruit basket for kids only, the Christmas Lights campaign, and the annual sale of fresh wild blueberries. Operations remained somewhat unchanged until 1997. In August of that year, the co-operative opened a second store in a different neighbourhood of Winnipeg – a specialty goods store that catered to a middle- and upper-middle-class clientele. The store was very successful for the first two weeks and actually turned a profit during that short time. The location of the store, however, did not pay off. It was located in a small strip mall, and although the people at Neechi Foods had been assured that the mall had leases in place that would fill the building with other businesses, this turned out not to be the case. Neechi was one of a few businesses operating within the mall and the store was not located near a main street, so walk-in traffic was minimal. The specialty store closed in June of 1998.

Over the years , Neechi Foods has branched out beyond grocery operations. It has played an important role in aiding community organizations such as schools by supplying groceries to meal programmes. The store also fulfils a significant social need in the neighbourhood, as well as for employees and volunteers. One of the main goals of the organization is to create a positive atmosphere where people can deal with the variety of personal and social issues that make sustainable, meaningful employment difficult to attain.

Education and Training

Since the beginning of the Neechi Foods project, regular board meetings have always been held, and all workers and volunteers are welcome to attend as full participants. For a number of years, Russ Rothney and Louise Champagne filled key management roles within the organization. During this time, special attention was paid to developing employment skills as well as helping the members of the co-op to understand their roles and responsibilities. Russ and Louise still serve as board members and continue to be very active within the co-op.

Human resources training would have been very useful to the Neechi Foods Co-op at the beginning. Management training is still needed for members/employees. Neechi is currently pursuing a pilot project, supported by the Assiniboine Credit Union, which will focus on developing human resources skills, employee strengths, organizational strengths, and so on, to determine weaknesses and strengths within the operation. It is hoped that the pilot will produce a model that can be used by other co-operatives to develop human resources, as well as operational strengths. The pilot project will

- develop a system that will enable co-operatives and other community enterprises to self-assess development needs and to build solid management teams;

- develop a co-operative business mentorship-apprenticeship system; and
- establish shared technical services.

While financing for this project has been partially attained, there is no direct support from government as of yet. Russ Rothney and Louise Champagne have several contacts within the credit union system who are willing to support it, and it is hoped that other organizations such as the Manitoba Co-op Council will provide some assistance to help get the pilot off the ground. Organizers are also hoping for government support for co-op business development and models such as the Co-operative Business Development pilot project.

Community Impact

Neechi Foods has made a significant, positive impact on the community of which it is a part. Establishing a worker co-operative has resulted in social as well as economic benefits for the community. The workers own and control the co-op, and since members actively participate in the decision-making process and are all treated equally, a strong sense of ownership and responsibility has developed over the years. For example, by 1992, the recession had hit Winnipeg's inner-city neighbourhoods hard, and Neechi was experiencing severe financial problems as a result. It was believed that the business would have to be closed and liquidated. The membership, however, voted unanimously to take an across-the-board pay cut of 25 percent to save the organization. The co-operative has been consistently successful in pro-viding stable employment with decent wages. Employees are learning new skills as well as acquiring valuable work experience by being part of the Neechi Foods Co-op.

Neechi Foods is also using the co-operative model to deal with several social issues that must be addressed in order to make the venture a success. The model has thus been useful in a number of different ways: dealing with social issues, creating employment and wealth, and fostering economic development.

Board meetings offer an opportunity for members to discuss business as well as deal with other important issues. Most people involved with the Neechi Foods Co-op are Aboriginal, and for this reason, Neechi's focus has been to address as many issues as possible in a holistic manner, one that is conducive to a number of different Aboriginal cultures. A lot of peer counselling, for instance, takes place within the co-op. People listen to each other and talk to each other to try and divert certain patterns that develop as a result of social status. One of the goals of Neechi Foods is to try and find ways to stop distress patterns from disrupting co-operative relationships and the healing process upon which people involved with Neechi Foods have embarked. Helping people to build confidence and self-esteem is also important, so to alleviate some of the pressure, the members of Neechi Foods decided to use consensus decision making instead of majority voting. Roberts' *Rules of Order* was also voted out as the method for conducting meetings because members did not want to get caught up in intimidating formal procedures.

Barriers to Development

Neechi Foods has faced difficulties with financing since it began operations in 1990. Assiniboine Credit Union provided a mortgage, and several individuals and community organizations offered private loans and donations. Grants were also obtained from the Winnipeg Core Area Initiative Programme and the federal Native Economic Development Programme. Obtaining other grant monies, however, proved to be a difficult task. The process of obtaining grants was time-consuming and involved a lot of bureaucratic procedure. Many of the criteria in place for granting financial assistance were not conducive to supporting a worker co-operative. Federated Co-operatives Limited (FCL), for instance, did not support Neechi Foods financially at all when the co-op was founded, although it has provided merchandising services. It has also been difficult to gain access to management and retail training for Neechi Foods members. Money for training programmes would be very useful, but few grants are available for such an initiative. If the pilot project for Co-operative Business Development is successful at obtaining financing, there will likely be more access to money for training and development in the future.

There are also social barriers that restrict the development of the Neechi Foods Co-op – issues that make development in Winnipeg's inner city a daunting task. A number of people within Neechi Foods are struggling with social barriers that make it difficult to focus on employment. Several people, for instance, have grown up in poverty, broken homes, surrounded by alcoholism and so on. The Neechi Foods Co-op places great emphasis on addressing the social barriers faced by so many people within the organization.

Community Involvement

The Neechi Foods Co-operative has a very active membership. Since Neechi is a worker co-operative, all the members of the co-op are employees and/or volunteers. There are seven people on the board of directors. Six of the directors are Aboriginal people, five of whom are women. Several strategies promote participation and diversity on the board. Fostering respect for self and others is an important principle of co-op meetings and day-to-day operations. Participation in board meetings is encouraged by using strategies such as alternating who reads minutes from previous meetings, and forming small groups where everyone is involved in assessing different aspects of financial reports and other business matters. Members who are not directors are also encouraged to participate in monthly meetings.

It has been somewhat difficult to maintain youth involvement in the co-op. Over the years, several youth have been hired to work in the Neechi Foods store, including a number who have been hired through work placements with nearby high schools. Youth are encouraged to participate in board meetings in the same manner as other members, and there has been some youth involvement over the years, but Russ notes that they tend not to stick around as long as adults. Elders have not played a direct role in the co-op, but have been approached at different times to assist with ceremonies.

The co-op has taken steps over the years to develop relationships with other community organizations, which have been generally positive towards Neechi Foods. Neechi has a sister co-operative called Payuk Inter-Tribal Co-op, which has been having difficulties over the past few years as a result of a capable manager leaving the organization for personal reasons. Neechi has relied on co-operative networks, both Aboriginal and non-Aboriginal, to strengthen its own organization and the community. Neechi Foods has also developed partnerships with several community organizations such as schools, youth centres, and clinics. These relationships are based on, but not limited to, promoting nutritious foods, such as the wild rice harvested by another Aboriginal co-operative, and providing food sales for initiatives like school meal programmes. Since the recession, however, Neechi has been working more towards strengthening the business aspects of the organization, and has benefited from workshops and mutual support within the Community Development Business Association.

Financial Information

Neechi Foods is in a solid cash position, but this has been achieved by tight cost controls in the face of a serious decline in sales to institutions, such as Child and Family Services and schools. The co-op's current efforts to upgrade staff capacity include recruiting someone who can rebuild that part of the business. Total annual sales peaked at $560,000 but then dropped by over $100,000 after losing a key staff person who handled the institutional sales. Assiniboine Credit Union continues to provide a mortgage and commercial loans to the organization.

Future Plans

Since the recession in the early 1990s, Neechi Foods has focussed on maintaining a stable retail operation. Although there are some capital projects that will need attention soon, such as renovations and repairs to the existing building, the current focus is on strengthening the business and rebuilding organizational sales. There are no plans to open a second store until the original store becomes more stable.

There are plans in the near future to develop stronger relationships with other community organizations and businesses such as Payuk Inter-Tribal Co-op. Initially, Neechi Foods had strong links to this organization and others, but due to various circumstances beyond Neechi's control, those relationships have been weakened somewhat. Ideally, the Co-operative Business Development pilot project will develop stronger networks for community-based development using a co-operative model.

Neechi Foods Co-operative Limited – 1991 Original Study

Winnipeg, Manitoba

Case Study Analysis Prepared by Russ Rothney

Historical Overview

Description

Neechi Foods Co-op Ltd. is a worker co-operative that operates a small (3,500 square foot) supermarket in Winnipeg's north end. Located at 325 Dufferin Avenue, the store operates under the name Neechi Foods Community Store. *Neechi* means friend in Ojibwa and Cree.

All four full-time employees, and four out of the five part-time employees, are Aboriginal (Indian or Métis). The manager is a Native woman. The co-op is part of a coalition of innercity projects known as Winnipeg Native Family Economic Development Inc. (WNFED).

By developing the store operation through their worker co-op, the workers at Neechi Foods have created their own long-term jobs, an important model in an area of the city characterized by severe unemployment. The Native character of the co-op is also particularly significant as the store is centrally located amidst the largest urban Native population in Canada.

Purpose and Function

The land and building used by the store are owned by WNFED, but the business is entirely operated by the workers through Neechi Foods Co-op Ltd. This relationship was chosen by project members to reflect a combined commitment to the well-being of the community, the workers, and the business. The official goals of the co-op are directly related to inner-city concerns:

- better selection of food
- better prices
- community health
- Native pride
- neighbourhood employment
- money staying in the community
- sharing and co-operation
- local control
- new community projects

The worker co-op model is intended to promote personal and business self-confidence, a dignified work environment, a sense of ownership and control, self-initiative, developer mentality, co-operative relationships, community responsibility, and, therefore, high productivity.

Growth

Neechi Foods began regular operations at the beginning of January 1990. In that year, merchandise sales totalled $302,000. During the next year, monthly sales kept on rising, in spite of the recession that caused overall provincial and national sales by supermarkets and grocery stores to fall. Neechi's sales for 1991 climbed to $444,000, 47 percent higher than in 1990.

Sales in the first quarter of 1992 ran 28 percent higher than in the preceding year, but in the second quarter they were only 9 percent higher than in 1991. With second-quarter sales down 12 percent from the first quarter, it looked as though the general economic recession had finally caught up with Neechi. The neighbourhood around the store is characterized by chronic high unemployment and welfare dependency. This partly explains why the impact of the recession came so late for Neechi. A nearby modern convenience store was one of the Mac's stores recently shut down by the recession, and a cash-and-carry grocery wholesale store across the street from Neechi went under earlier that year.

Accomplishments

Work on the Neechi Foods store project first began in 1985. The store site was purchased in 1989 after project members had put in many hundreds of hours of unpaid work, including the operation of a pilot project and feasibility studies leading to project financing. In this context, the purchase and opening of the store were major achievements.

Neechi's sales growth has involved a lot of hard paid and unpaid work, and, overall, has been impressive. However, the long-term commercial viability of the store is still not proven. Moreover, sales growth, like the acquisition of store assets, is only a requirement for the social goals referred to above. It is not an end in itself. Community and personal development does not come automatically with commercial gains. In the long run, the evolution of co-operative social relationships within the co-op and within the community development network to which Neechi belongs is far more important than sales figures.

The development of an inner-city enterprise owned and operated by its workers is a major step forward. Although it still has a lot of maturing to do, the progress to date has been very significant. It did not come easily.

Monthly co-op membership meetings assess and plan the ongoing development of the business. On a daily basis, final authority and direction is provided by the manager. However, store development is shared through a system of "lead workers," who carry special responsibility – and pride – for different areas of the store. In addition, general co-ordination is shared through "team meetings" and by senior staff acting as shift supervisors.

In addition to regular staff there are three volunteer workers who fill important roles relating to bookkeeping, finances, and equipment. They are full members of the co-op, along with all of the paid workers.

As part of its commitment to community development, Neechi Foods Co-op has generated further employment in the neighbourhood by marketing moccasins and other home-made crafts made by Aboriginal women. Most of the payments are made through a store credit system, which is also used to pay for flyer distributions and various odd jobs.

Another notable achievement by Neechi is the positive influence the store has had on the health of neighbourhood children. Most visibly, this is reflected in a now-popular "kids only" basket of fresh fruit, sold at cost, at the front counter, and in the absence of cigarettes in the store.

The co-op has also forged some important economic ties with Native communities outside of Winnipeg. The Kagiwiosa Manomin Co-op, which supplies Neechi with wild rice, and the Wabigoon Métis Development Corporation, which supplies the store with wild blueberries, are particularly interesting examples. Located at Wabigoon in northwestern Ontario, they are also working to build co-operative economic relationships and community self-reliance. On the customer side, Neechi has helped to lower food prices in several northern communities by supplying bulk staples for winter-road traffic.

Initiative

As outlined in the following section, the history of Neechi Foods goes back to 1985. The original Neechi project planning group included some fourteen people, about half of whom were among the twenty people who helped to run a volunteer pilot project.

Three members of the planning group and of the pilot project were graduates of a Native economic development training programme. The manager of that programme, Louise Champagne, and the lead economic development instructor, Russ Rothney, have been centrally involved since the inception of the pilot project in 1987 to the present. At the time of the training programme (1983–1985) Champagne was also chairperson of a Native child welfare coalition in Winnipeg, which gave rise to a major child and family support centre. She has been the manager of Neechi Foods since 1989.

Since the start of regular operation two and a half years ago, about twenty people have worked at Neechi Foods for significant periods of time. Most of these are inner-city residents who joined Neechi after the start of regular business. One of them, Janet Stevenson, is another graduate economic development officer and manager of a sister housing co-op. Neechi's progress has also been greatly encouraged by Dama Richard, who joined Neechi on a volunteer basis after taking early retirement from Display Fixtures (owned by the Loblaws chain). Other key senior worker-owners include Elaine Clarke, chief bannock baker, and Tannis Wiebe, lead clerk.

Community Development Network

Planning

The idea for Neechi Foods came out of community planning meetings in the summer of 1985. These meetings were organized by Indian and Métis development officers enrolled in the Métis Economic Development Training Programme, and by local sponsoring committees.

The training programme provided intensive classroom and on-the-job training to Aboriginal people in urban centres and in Métis settlements throughout Manitoba. Staff sharing and other forms of co-operation occurred between this programme and the Budget and Financial Analyst Training Programme for staff of Indian band and tribal councils in Manitoba. Both of these programmes were sponsored by major provincial Aboriginal organizations but were run independently.

In Winnipeg, four project ideas were priorized by the community planning meetings – a food store, a housing co-op, a commercial day care, and a crafts shop. All were intended to meet important needs within Winnipeg's Native community and in the inner-city generally. A project working group was formed for each one. The project groups assisted the trainees in planning and assessing the projects. Appraisals were completed by the trainees as part of their course work.

As a result of the appraisals, the crafts project was dropped because it did not look commercially feasible. The food store, housing, and day-care projects, however, are now all operating realities, known as Neechi Foods Community Store, Payuk Inter-Tribal Co-op and Nee Gawn Ah Kai Day Care.

Winnipeg Native Family Economic Development Inc.

Payuk Inter-Tribal Co-op has a forty-two-unit apartment block and five duplexes. One of the basic purposes of this co-op is to provide a safe and supportive environment for Native women and children. Nee Gawn Ah Kai, housed in the co-op apartment building, has six employees and space for thirty children.

One of the organizations that co-operated with the Economic Development Training Programme was the Winnipeg Coalition on Native Child Welfare. The coalition initiated Canada's first major urban Native child and family support programme, known as the Ma Mawi Wi Chi Itata Centre. Ma Mawi now employs about fifty-five, largely Native, staff.

The three projects that began in the training programme, plus the Ma Mawi Centre, are linked together through a co-operative federation. This federation is incorporated without share capital as Winnipeg Native Family Economic Development Inc. (WNFED). The network has also included FCR Development Resource Group, a partnership formed to provide technical and managerial support to WNFED projects, and to provide professional employment to Aboriginal people with specialized skills relating to business and community development.

In addition, from 1988 to 1991, a youth cleaning business also belonged to the WNFED coalition. Known as One Earth Collective, this co-operative training and employment venture was started through Ma Mawi's Youth Programme. In all, it provided part-time employment and business training to forty inner-city youth. It was commercially self-sufficient for two years before shutting down because volunteer management assistance could no longer continue.

The model is based on action at the project level. Active participation in one of the affiliated projects defines membership in WNFED. WNFED has a co-ordinating board made up of representatives chosen by each of the sister projects. The idea is to facilitate the sharing of resources at the community level through a decentralized decision-making system.

From the start, it had been hoped that a community investment fund would be set up based on a voluntary pooling of capital by WNFED affiliates. However, this has not materialized to date.

Obstacles and Responses

Community Development Infrastructure
With all of the WNFED projects emerging within a short time of each other, resources have been spread very thinly and formal planning between projects is still at the preliminary stage. The different projects have been preoccupied with their own start-up and early development problems. Payuk Inter-Tribal Co-op provides WNFED office space that is used by the different projects, but WNFED has never had any paid staff or core funding of its own.

In the latter half of the 1980s, there was a special component of the federal Native Economic Development Programme (NEDP) that was supposed to have provided infrastructure support to urban Native economic development. A WNFED proposal was submitted but got nowhere as government officials continuously preoccupied themselves with how they could bring "all the Native groups" together. After several years of this circus, the NEDP ended without any funds going to co-ordinated urban community development.

Prior to running a pilot project on its own, Neechi's initial board had become stymied by many months of bureaucratic meetings focussed on seeking government feasibility money. In the end, a combined federal and provincial offer of $55,000 was rejected by weary Neechi survivors because the terms precluded the possibility of engaging Native economic development officers who had helped to develop the Neechi concept.

Government officials were obsessed with their need to have arm's length consultants in charge of feasibility studies. This ran directly counter to the self-reliant development strategy initiated in the economic development training programme that led to the creation of the WNFED network. In fact, while operating as a commercial partnership, WNFED's Development Resource Group deliberately staked the livelihood of its partners and associates to a policy of providing ongoing back up to projects as co-workers, before and after feasibility assessments.

Because of the absence of support for this approach, a lot of professional support work has been done at very low levels of income, and considerable potential benefits from the training have been lost. As a consequence, too much development support responsibility has fallen on too few shoulders. The price has included serious initial restraints on the social development of the different projects.

Neechi Pilot Project

In the winter of 1987/88, Neechi volunteers operated a small pilot project every second Saturday at the Indian Family Centre on Selkirk Avenue. With a $2,000 loan from Payuk Inter-Tribal Co-op, grocery inventory was purchased through Boni Co-op, a direct-charge, consumer co-op in east St. Boniface. The manager of Boni, Frank Sklepowich, helped with advice and information. The inventory was loaded onto borrowed trucks, hauled across the city to the store's north-end location, set out on display, and priced. At closing, the unsold stock was counted and then packed back onto a truck and returned to St. Boniface until the next time. Baked goods, fresh produce, and eggs were added to the inventory from neighbourhood suppliers.

Lessons learned from the pilot project were included in a feasibility study and initial business plan compiled by Neechi members through the Development Resource Group, again without outside assistance. The self-initiative demonstrated by this pilot project played a significant role in attracting store investors later on.

Capital Financing

In July 1989, an old store site was purchased just north of the CPR tracks on Dufferin Avenue between Main and Salter. Financing came from private loans and donations from individuals and community organizations, a mortgage loan from the Assiniboine Credit Union, and capital grants from the Winnipeg Core Area Initiative Programme and the federal Native Economic Development Programme.

Unforeseen delays in capital contributions from federal and city programmes prevented the new business, Neechi Foods Community Store, from developing regular grocery operations until the beginning of 1990. The federal delay was directly related to NEDP staff changes. This led to months of staggered requests for information to satisfy changing bureaucratic interpretations of what was needed to comply with programme regulations.

The most exhausting dispute focussed on whether or not long-term loans raised through WNFED would be counted as part of NEDP's equity requirement. Initially, in November 1988, this was accepted. But it was emphatically rejected shortly after the store had already been purchased in the summer of 1989. Eleventh-hour phone calls to Ottawa finally got things back on track in the fall. In the meantime, a small convenience store operation was conducted to slightly offset the fixed costs that were seriously depleting potential cash reserves.

The problem with Core Area Initiative funds administered by the city was that $39,000 intended for renovations was authorized through a programme designed for the construction of multi-million-dollar community facilities, not for small business improvements. The demand for architectural designs, formally tendered bids, and the satisfaction of other red tape, went on for ten months after the store was purchased. Along with the renovations money, more than $28,000 intended as a contribution to the original purchase was held up because it was tied to the renovations agreement. In the end, Neechi lost thousands of dollars as a result of the federal and city delays. In contrast to the problems experienced around the renovations money, other programme components of the Core Area Initiative Programme, involving provincial and federal cost-sharing, provided major support in a flexible and timely fashion.

Even basic renovations were delayed until the summer of 1990. In turn, this held up development of store services and staff capacity. The grand opening was not held until late November 1990.

Monthly sales rose from $5,000 per month in December 1989 to $32,000 per month in December 1990. But, because of the delays, by the fall of 1990 all of the planned cash reserves were exhausted. An application for loan assistance from the provincial Co-operative Loans and Loans Guarantee Board was submitted at the end of August. However, it was declined in December because of concerns over WNFED ownership of the major assets. At that point, Neechi would have been forced to close if it were not for emergency loans provided by Payuk Inter-Tribal Co-op and private supporters. During the following spring and summer, the Mennonite Central Committee and Kagiwiosa Manomin Co-op (wild rice) provided further bridge loans on the assumption that federal and/or provincial support would be forthcoming.

On the public-sector side, Revenue Canada started threatening to seize store assets listed under WNFED's name because of a dispute over the now-dormant One Earth youth training and employment co-op, which operated under WNFED's incorporation. The dispute with Revenue Canada is still dragging on as a result of their refusal to understand the unique WNFED/One Earth model. Nearly $2,000 in store assets are still threatened and a lot of pointless anxiety continues to be created for volunteers who provided back-up support to the youth co-op.

As a nonprofit development corporation, WNFED is incorporated without share capital under the Manitoba *Corporations Act*. Legally speaking, it is not a co-operative. The Manitoba Loans and Loan Guarantee Board's initial rejection of Neechi's loan request centred on WNFED ownership of major store assets, even though all of these assets were available as security. The fear was that the WNFED connection might compromise the integrity or viability of Neechi Foods Co-op Ltd.

Neechi had to lobby a succession of two deputy ministers and three ministers, before a $35,000 loan guarantee was approved a year later. The guarantee was not put into place until the beginning of April 1992, a full year and a half after the application.

In the meantime, Neechi's old agreement with the federal NEDP programme was extended to allow a further conditional capital contribution. In addition, short-term funding for project "after care" was provided under the current Aboriginal Economic Development Programme. This time, senior administrators were directly involved and the arm's length hurdle was eventually overcome.

A closing comment on Neechi's encounters with government bodies: With the exception of the now defunct Winnipeg Core Area Initiative, the combination of business and community goals has continually run into administrative roadblocks. Public policy still generally appears to be split between economic and social thinking. This is a contradiction in terms when it comes to community economic development strategies.

Business Structure

Neechi Foods chose a worker co-operative form of business organization because of a desire to develop systems where control rests with the people who do the work and carry the responsibility. Most members of consumer co-op grocery stores do not actively participate in business decision making. Apart from their consumer role, they tend to be "paper members" only. Moreover, in Neechi's neighbourhood, most people cannot afford to purchase shares of any significant value, and residential location is often unstable. Moreover, visiting relatives and friends from northern settlements come and go continuously. Membership fees, restrictions, or privileges would discourage them from shopping at Neechi.

The fact that the business is incorporated as a co-op is really incidental to its structure. The real issue is that it functions on the basis of co-operative, democratic, work relations and control, and that it is strongly oriented to community development. This is its ultimate strength.

Unfortunately, Manitoba's Co-operative Development Branch (collapsed into the Small Business section of Industry, Trade and Tourism last fall) focussed exclusively on supporting legally incorporated co-ops. Manitoba's *Co-operatives Act* does not even use the term *worker co-operative*. Rather, it speaks of *employment co-operatives*, thus revealing a make-work mentality. In Neechi's case, co-op development staff prodded project planning group members into incorporation and the formation of a formal board of directors before the group had worked out the key parameters of the business, let alone assessed its prospects. This was part of preparation for applying for government feasibility funds.

The formation of a conventional board immediately created a hierarchy and broke the development momentum that had been strong in the project planning group that it displaced. Participation fell off sharply. It did not return until the board structure and meetings with government officials ground to a halt and were replaced by the direct-action collective that launched Neechi's pilot project. Today, given the size of the business, there are no board meetings separate from the monthly general membership meetings.

Preoccupation with legal structure has also played a major part in Federated Co-operatives Ltd.'s (FCL) long delay in dealing with Neechi's membership application. Apparently they have not previously granted membership to a worker co-op. Most of their members are consumer co-ops, but they are well aware that Neechi Foods is a stand-out example of concern for customer well-being. From the start, Federated has been Neechi's main wholesale supplier; co-op–labelled products help to distinguish Neechi within Winnipeg's abnormally competitive retail food industry.

In contrast to Co-op Development and FCL, Neechi's legal identity has never caused problems for Assiniboine Credit Union, which holds Neechi's mortgage, or for Co-operators Insurance, which provides Neechi's insurance coverage.

Social Attitudes

Preceding sections have devoted a lot of attention to problems related to a shortage of appropriate and adequate access to technical and financial support in relation to the community development needs of Winnipeg's inner-city. The paramount issues emerging from the experiences of Neechi Foods and other WNFED affiliates, however, relate to how people think and feel, and to how well they manage to work together in pursuing common community goals. Because of time and space considerations, attention to this fundamental area of concern is limited in this report. And unfortunately, this space allocation unwittingly reflects the weight given to the conscious building of co-operative human relations in actual development work.

At Neechi Foods and at other WNFED projects, more and more attention is being devoted to developing positive social relationships. Some of the concerns are specific to inner-city life, but most relate to the world-wide conflict between highly commercialized value systems and community needs. An example of an important workplace issue is the question of how to give and receive advice in a manner that is mutually strengthening. This means working systematically at overcoming competitive individualism based on insecurity generated by commercial values, hierarchical social structures, colonial conditions, and exploitative human relationships generally. Quite a mouthful, quite a challenge!

On the customer side of Neechi's experiences, large numbers of people want the positive social things that the store stands for. Many who have reasonable access to the store, however, do not shop there. Either they do not really think that the store is very significant, do not understand how important each customer is, or are unwilling to depart from conventional supermarket shopping. As Neechi's manager likes to put it: "It's not enough to talk the talk. We also have to walk the walk!"

Amachewespimawin Co-operative

Lac la Ronge Band, Stanley Mission, Saskatchewan

Care Study Analysis Prepared by Juliano Tupone

Stanley Mission is an Aboriginal community located in northern Saskatchewan, approximately one hour northeast of Lac la Ronge. The community is made up primarily of First Nations people and is part of the Lac la Ronge Indian Band, one of the largest First Nations in the province of Saskatchewan. The community's name is derived from an Anglican mission that was established there in the 1850s. Lush green forests, rivers, and lakes surround the community and this natural beauty makes Stanley Mission a popular destination for tourists.

A co-operative store was established in Stanley Mission between 1972 and 1973. Prior to this, Northern Co-op Trading Services operated a store in the community, but when it began to experience difficulties, the community decided to purchase the assets from the company. Existing equity was used to purchase the assets and no financial assistance was required. Seven community members played the largest role in founding the Stanley Mission co-op, which is now called Amachewespimawin Co-op. Approximately eighteen hundred people live in Stanley Mission, more than half of whom are members of the local co-op, and several of whom are actively involved in its operations.

History

The Amachewespimawin Co-op has become very successful over the years, and has undergone considerable change with respect to operations and expansion since it was founded. Initially, the co-op operated a retail store in the community, which was forced to expand over the years as the co-op's membership grew and more people began to shop there. In the early 1980s, when the original store had become too small, the community constructed a second retail building with the assistance of a $72,000 grant from the federal government. The co-op continued to grow and expand throughout the eighties, and the current building housing the retail store was constructed when the second building became too small for all the merchandise that was being carried. The co-op currently operates a large retail store that carries a wide range of merchandise including groceries, sporting goods, clothing, housewares, and more. The co-op also operates a gas bar and fast-food restaurant.

The co-op has not received a great deal of financial assistance from outside sources. The federal government has provided two grants of approximately $50,000 each during the past decade. One was used for construction on the new building, which was finished about seven years ago. The other grant was used for starting the Chester Fried Chicken operation run by the co-op. The federal grant for the chicken outlet helped to create twelve jobs within the co-op and the community. The government's primary concern when providing the grant was how many jobs would be created as a result. Bob Walker, who has managed the co-op since 1988, estimated that the co-op would be able to create four new jobs with the government grant, but the need for twelve emerged by the time the project was finished.

Although the co-op has faced difficulties periodically, the business has been very successful for quite some time. Careful financial management of the co-op's assets is a top priority for management and the board. This is one of the reasons that the co-op has enjoyed so much success. As Bob notes, "You can do a lot in these communities if you have the money to do it and someone in place who has the interest of the business at heart." The co-op receives financing from private sources, such as the Canadian Imperial Bank of Commerce (CIBC), for various initiatives. Currently, for example, the community is constructing a new building that will house a larger restaurant. Partial financing for the project was obtained through CIBC, with the remainder of the funds coming from the co-op's own financial assets.

Education and Training

The co-op in Stanley Mission has been quite fortunate with respect to education and training. The co-op is part of Federated Co-operatives Limited (FCL) and because of this is able to take advantage of various training programmes. The co-op can always use training programmes for employees, who often take courses that will enable them to do their jobs more effectively. One employee, for instance, was recently sent to take a course at Northlands College in La Ronge. Bob notes that it would be helpful to the co-op in Stanley Mission and other businesses in the area if more courses relevant to business were available at nearby education institutions such as Northlands College. Employees also learn about their roles and responsibilities through formal policy developed by the co-op. In addition they must, of course, adhere to government policies.

Any member of the co-op is free to run for positions on the board of directors. Members learn about the roles and responsibilities of the board of directors at the annual general meeting, when directors are also nominated and elected. Since the co-op in Stanley Mission has been around for quite some time, new directors are able to learn from others who have served on the board in the past.

Community Impact and Involvement

The Amachewespimawin Co-op has had a significant impact on the community of Stanley Mission. The co-op's business operations have been very successful over the past several years. In 1999, for example, total sales were approximately $4.5 million, and $170,000 in patronage dividends were paid out to members. The co-operative model makes it possible to keep profits in the community, since community members own and run the organization. The co-op has also been successful in generating employment in the community. There are approximately fifty casual and full-time staff employed in the co-op's various operations, and the payroll for 1999 was around $500,000.

The co-op has more than a thousand active members who shop in the retail store and use other services such as the gas bar. Members have significant input into the operations of the co-op because they have a voice. While the board of directors does not become directly involved in day-to-day operations, members often make suggestions to directors, such as giving consideration to stocking various items in the store that may be beneficial. Joe Roberts and Lester Roberts, who both serve as members of the board, note that board members can and should be involved in pricing and suggesting what sorts of goods should be carried in a retail co-operative.

There is some youth involvement in the co-op, primarily in an employment role. Several youth in the community work for the co-op during the summer months, for instance, and others work on a part-time basis throughout the year. Although there are not any specific initiatives or policies for educating youth about co-operative principles, as they become interested in the co-op they are encouraged to get involved and learn more. Elders played an important role when the co-op was founded, and during its early years. Several Elders communicated the importance of having a store that was owned and operated by the community. Women have essentially played an equal role in the co-op since it was founded. Out of seven members presently on the board, three are women. There is a relatively diverse group of people who serve on the board as well. One director is a carpenter/construction head, one is a band councillor, three are teachers at the elementary and high schools, and another, who has been a board member for several years, was involved with founding the co-op.

The co-op also supports local community activities, such as fishing derbies, which are held throughout the summer months, donating a significant amount of money to these events and others. In 1999, the co-op donated approximately $20,000 to various community initiatives. A lot of fundraising takes place in Stanley Mission, and the co-op can always be counted on for support.

Barriers to Development

The co-op in Stanley Mission has not experienced a great deal of difficulty with the co-operative model. The organization is at the point where financial assistance from government sources can be more of a hindrance than a benefit, since government intervention and assistance usually involves certain conditions that must be followed. For this reason it is preferable for the co-op to invest in initiatives that can be financed using funds from private financial institutions and co-op equity. The co-op has enjoyed a great deal of success because community members support it and take pride in ownership.

Although three or four different managers have been local people, there have been some difficulties and complications associated with community members managing the co-op, so the co-op board and membership have decided not to pursue the goal of having a band member in management. Significant general employment, however, has been created for the community, although family connections within a relatively small community can complicate employment matters for some people. Some clerks, for instance, have experienced difficulties from time to time because so many family members use the co-op's services. Lester Roberts notes that there needs to be an outside person running the co-op, and that any organization in a community such as Stanley Mission needs at least one outside person. "The expertise is there (within the community), but that's not the problem."

Future Endeavours

The Amachewespimawin Co-op has successfully undergone considerable expansion over the years. The most recent is the new building presently under construction for the larger restaurant. The board of directors and the manager are also hoping that the co-op will be able to acquire the Canada Post contract, which is currently held by the Northern Store. Mailing addresses in the community are general delivery because the Northern Store does not have adequate space to provide individual mailboxes. When the new building is completed, the co-op will have enough space to provide such a service, so the possibility of obtaining the Canada Post contract is quite promising.

A co-operative model is not being considered for providing services such as health care, day care, or housing, as the community already has many needed services in place. There is a day care, for instance, and a large health centre that provides various services to community members. A number of locals provide guiding services to tourists who come through the area en route to fishing camps and the like, and there are not any plans to involve the co-op in similar endeavours. There have been inquiries from individuals in other northern communities such as South End, Black Lake, and Deschambault Lake, who have approached board members of the Amachewespimawin Co-op about starting co-ops in their areas, which might possibly be linked with the co-op in Stanley Mission.

Advice

The Amachewespimawin Co-op is a very successful business that will undoubtedly continue to expand services and operations. Members of the board such as Joe Roberts offer the following advice to groups or communities interested in starting a co-op. Initially, of course, there has to be an interested group of people with a common need. A feasibility study should be done at the beginning of the process, and governments can and should play a role in preparing this. Before starting a co-op, it is also important to make sure that people in the community fully support a co-operative model. Questions need to be asked as well, such as what type of co-op is wanted and needed, e.g., retail, arts and crafts, etc. Joe and Lester also note that existing competition should not be viewed as a deterrent to starting a co-op, because competition can actually help a co-op. To ensure that the organization remains stable, it is also important to hire a manager who is committed to the business and what is best for it.

ANNEX 1

New Initiatives in the La Ronge Region

Historically, northern Saskatchewan has been well represented by commercial fishing co-operatives, supported by the Saskatchewan Commercial Fishing Co-operative Federation. A period of inactivity during the 1980s and 1990s resulted in many being struck off the co-operative registry. Recently, however, this sector has been revitalized, and there are currently thirty active co-ops, with over one hundred memberships among them. Since they are just in the process of formally incorporating once again, these numbers are not reflected in the statistics for Saskatchewan. In addition, approximately ten northern communities have expressed an interest in starting a retail co-operative.

Wilp Sa Maa'y Harvesting Co-operative

Northwestern British Columbia
Case Study Analysis Prepared by Carla Burton and Phil Burton
Symbios Research and Restoration

Introduction

The Wilp Sa Maa'y Harvesting Co-operative is a community-based co-operative located in northwestern British Columbia. This enterprise is designed to support sustainable harvesting, processing, and marketing of wild berries and other forest products indigenous to the region, while providing supplemental income (especially to First Nations people) in an area of high unemployment. The business of the co-op is conducted in Hazelton, with space provided by the Gitxsan Treaty Office for meetings of the board and the general membership. Berries are currently picked by members of the co-op mainly on the traditional lands of the Gitxsan, Gitanyow, and Wet'suwet'en peoples. Most of our pickers are First Nations people and some of them are picking on their traditional house territories.

Origins as a Research Project Spin-Off

In late 1995, Richard Overstall (of the Gitxsan Treaty Office) and David Coates (from the Research Section of the Prince Rupert Forest Region, BC Forest Service) approached Phil and Carla Burton of Symbios Research and Restoration (Smithers, BC) to prepare a proposal to study the biology of berry-producing shrubs. The response of berry bushes to clearcut logging has long been a concern to First Peoples, foresters, and biologists. So Forest Renewal BC eventually funded this two-year study entitled "Inferring the Response of Berry-Producing Shrubs to Different Light Environments in the ICHmc." This research project investigated the growth and/or berry production of five shrub species (important to the Gitxsan for food, medicinal use, as browse for ungulates, and as competition for conifer seedlings) under a range of forest shade conditions. Its results have implications to silvicultural planning and the layout of cutblocks, as all species exhibited optimal productivity with some degree of shading. Two of the species studied are important food sources for First Nations people: black huckleberry and soapberry.

This research project was conducted in partnership with the Strategic Watershed Analysis Team (SWAT), a technical branch of the Gitxsan Treaty Office (GTO). SWAT staff members did much of the fieldwork and arranged for teams of assistants to help locate suitable patches, describe their local ecology, and take biomass samples for quantitative analysis. Throughout the summers of 1996 and 1997, it was clear how important the work was to all participants, most of whom were First Nations people. Many of them had no other jobs or were seasonally unemployed. At the end of the project, everyone working on the project had a good idea where there were good huckleberry and soapberry patches and we had a freezer full of berries. The idea of starting a business started as a joke that we should make the berries into jam and sell it to tourists after we weighed them. But the idea started to be seriously considered as we realized that we now knew where some good berry patches were, and it was clear that a lot of people could use some extra income. Over the period of a few months after completion of the research project, several of us who had worked on the project informally discussed the idea of forming a co-op, checked out the requirements for establishing one, and scouted around the community to see if there were any funds or grants available.

Getting Off the Ground

We decided to base an enterprise on co-operative principles because we believe that a co-operative is a democratic way for a community group to run a business. Half of the original organizers were First Nations people affiliated with the Gitxsan Treaty Office, and they liked the idea of clan-like, communal organization. People pool resources and ideas, but in a co-op, only one vote per member is allowed, regardless of the number of shares held. This is different from a standard corporation, in which there is one vote per share (allowing a single shareholder to sometimes have a lot of power), and assures equitable community participation at all levels. Membership would be open to the public and anyone could become a member by purchasing at least one share. We decided that all people picking berries, processing them, or helping with the distribution and marketing of jam would have to be members of the co-op. Holding one share would allow members to participate in its business activities, to vote on issues brought forth at the annual general meeting, to participate in the election of a board of directors who make decisions about the co-op throughout the year, and to receive updates on the co-op through newsletters. People would be encouraged to buy more than one share if possible, in order to provide working capital.

One of the first steps in registering any organization is reserving a name with the provincial government. We decided that the co-op should have a Gitxsan name, since most of the business was conducted on Gitxsan land and (in the initial stages) all of the First Nations people involved were Gitxsan people. We settled on the name Wilp Sa Maa'y, which means "House for Berries" in the Gitxsan language, then applied for reservation of the name with the BC Ministry of Finance and Corporate Relations. Once that name was approved, we had our first organizational meeting, consisting primarily of the technical people involved in the shrub biology research project. At that first meeting, we reworded a stock set of co-op by-laws and filled out the official papers to become a registered co-op. The interim board agreed that our co-op would like to pay a decent wage of ten dollars per hour to anyone who worked for the co-op. The wage would be set at the same price as the cost of a single share so people could trade berries or time for shares if they wished. We each bought a share for ten dollars and opened an account at the local credit union. SWAT put up the two hundred dollars to file the legal papers, and the co-op became a reality when the Registrar of Companies signed off on the documents on 4 August 1998.

Our interim board of directors consisted of four Gitxsan and two non-Native members. Though we had a few dollars available from share sales, we would not have been able to get off the ground that first year without a significant financial infusion. We applied to the Gitxsan-Wet'suwet'en Economic Development Corporation for a $5,000 start-up grant, which allowed us to buy wild huckleberries immediately that same summer. With some cash and some raw materials, we were now in business.

Development of the Co-op and Its Products

Since one of the co-op goals was to have local participation, we needed to attract the interest of the community, so we approached the Smithers *Interior News,* which featured the development of the co-op in a couple of articles in 1998. One of the articles included phone numbers for further information. In addition, we posted flyers around Hazelton and Smithers, advertising a label contest and a huckleberry jam recipe contest with a two-hundred-dollar prize for each. The winning entry for the label contest was selected by the board from among three entries, and was later modified for use as our logo.

There were twelve entries for the jam recipe contest and a jam-tasting party was held to select the winner. About fifteen members of the community met to taste and rate the jam entries in a blind-taste comparison. This party not only helped us to select a winner, but served to drum up enthusiasm for the co-op and brought in new members.

Since our capital was limited, we primarily concentrated our efforts on the manufacture of one product – wild huckleberry jam in 250 ml. jars. In the first year, keeping our motto "Think Big But Start Small" in mind, we discussed many creative ideas for future development while focussing on the production of our flagship product. We introduced highbush cranberry jelly the next year as our second major product. Plans are to introduce a new product every season, while monitoring the success of existing products. Continued production depends on market demand. We are also experimenting with different sized jars, since requests have been made for both larger and smaller sizes.

Although we had decided to develop only one product in our first year, we did produce a limited supply of soapberry preserves because a co-op member traded sixty litres of soapberries for shares. We intend to continue this production, although soapberry preserves are not likely to become a popular commercial product. The berries are widely available in the area and are an important traditional food and tonic for both coastal and interior First Peoples. Making this product available through our co-op therefore reinforces traditional cultural values and maintains continuity with previous generations.

Huckleberry jam production was slow at first because it was necessary to adjust the recipe and methods for large-scale production. We needed to monitor ingredient quantities and production time in order to set a fair price for the jam. The final price would have to cover all of our costs and reflect a reasonable profit, without pricing our product out of the market.

Our label and logo feature a distinctive Northwestern Native art motif, and the jars are square, rather like a bentwood cedar box, the traditional storage vessel for dried berries in this area. We hoped that in this attractive package, our jam would appeal to individuals who support wilderness, organic foods, cottage industries, and First Nations connections. It appears that we are achieving our goal since retail markets established in the first two years included three museums, four tourist gift shops, and a health-food store.

Currently, labels are printed on a computer in the home of one of our directors. Information on the label is in English only with a brief description about the product as well as a list of ingredients. A major goal is to have the labels professionally printed so that we can add a bit of colour and include French, which is required by law if we sell outside our region. We would also like to produce a small booklet, which would be attached to the jar, explaining the co-op goals in English, Gitxsan, Wet'suwet'en, and French.

First Nations Traditions and Concerns Promoted by the Co-op

Although it is not the mandate of our co-op to promote traditionalism, the nature of Wilp Sa Maa'y embraces many First Nations traditional values. Berry picking was and is an important subsistence and commercial activity of most First Peoples in British Columbia. Our co-operative encourages people to go out and pick berries in exchange for cash and shares. Although traditionally berries would have been a trade item rather than a cash crop, berry picking and processing can be considered an extension of pre-European commerce. Extracting resources from traditional family territories is also a historic activity. In the past, families and small groups would go out and pick berries when they were in season to augment their food supply over the winter, and to trade with others. Today, families and small groups go out berry picking for the co-op to earn cash, although they do not pick on traditional sites, since most of these are now overgrown. In the first year of business, one member and his two sons picked for three days, at a secret spot, and earned about $800. The money earned certainly helped to augment their resources that year.

Since our greatest demand for soapberries is from Coastal Natives (because soapberries don't grow on the coast), our sale of soapberry preserves re-institutes traditional trade links between Coastal and Interior First Peoples. Managing the land for resources other than timber is also a First Nations tradition. The co-op helps to focus the tradition of reaping sustainable benefits from the forest without destroying or degrading the forest ecosystem. Finally, the idea of a co-operative fits in well with the Gitxsan people's traditional economic unit of huwilp (houses). Traditionally, goods were shared amongst members of individual houses and were bartered (sold) amongst houses and nations.

It is not a goal of Wilp Sa Maa'y to create an exclusively First Nations co-op. Membership is open to all members of the immediate community and to anyone else who wants to purchase shares. We believe that an open membership can help to build the relationship between Native and non-Native people as they work towards a common goal in their community. Membership in mid-2000 stands at 106 people, 46 of whom are Native. The second elected board has three Native and three non-Native directors. Previously, the board was comprised of four Native people and three non-Native. Any member of the community is welcome to attend our annual general meetings and any member can stand for election to the board.

Although it is not the goal of Wilp Sa Maa'y to be an exclusively First Nations enterprise, it may eventually be run largely by First Nations people. Unemployment is highest amongst this population, so the work is most needed in that community. Such First Nations leadership may be beneficial since most of the picking occurs on traditional territories. If First Nations can control what was once a traditional activity, it may help to recapture traditional cultural values, political power, and instil pride and a sense of control. Administration of such a co-op would also provide development of leadership skills and business management skills. Certain grants and loans are also available for First Nations enterprises that are not available to the public at large, so we have followed an unwritten goal of maintaining 50 percent (or greater) Native representation on the board of directors.

The role of clans or extended families is very evident in our co-operative. We notice that many of our members (both Native and non-Native) are clusters of family members, where one or two original participants have urged other family members to join. There are some obvious advantages to family connections being used to expand the membership, with these new members often investing in numerous shares. But within the local First Nations community, there may also be disadvantages if dominance by particular families then inhibits other families from participating. In addition, board members need to learn how to avoid favouritism and conflicts of interest.

Being a land-based enterprise, berry picking of course has a bearing on the land question. Sustenance use of wild berries is recognized as an Aboriginal right, but the commercial harvesting of nontimber forest products is typically unrecognized and unregulated. According to the traditional Gitxsan huwilp system, berry patches were as highly valued and controlled as salmon-fishing spots. There is a need to resolve the issues around the roles of First Peoples and provincial regulation of the maintenance and harvesting of nontimber forest products on public lands. This is an ongoing subject of discussion amongst Gitxsan leaders and negotiators.

Future of the Co-op

Development of Wilp Sa Maa'y is progressing slowly. We were especially hampered in our second year when the berry crop was very poor and we were unable to purchase any berries. Because we could not buy essential ingredients, interest and enthusiasm for the venture seemed to wane. Fortunately, our established markets continued to request the jam and we were slowly acquiring additional retail outlets. Because we had purchased many berries the previous year, we were able to continue jam production and meet our market demands. A small core of people continued to run the business of the co-op.

Sustainable management of Gitxsan lands is a major topic as treaty talks proceed, involving various measures, agreements, and consultations in the interim. Wilp Sa Maa'y and its members participated in a Ministry of Forests initiative designed to document current and historic berry-picking areas in a portion of the Kispiox Forest District. We made our list of berry-picking members available to the researchers who conducted interviews and prepared maps; they agreed not to publish the locations of any berry patches considered confidential. We also sold them a few cases of jam, which they used as gifts when interviewing Elders. The final product of this exercise was not only a map of known berry-gathering places, but recommendations on how forest companies could better protect and sustain berry production. The board of directors is looking forward to other opportunities to get involved with land-management issues.

Financial resources continue to be a limiting factor to the co-op's growth. Our sales are steady and will probably continue to allow us to survive at our current scale. In our first two years, we purposely had no employees. Instead, we paid our berry pickers for product and had our jam maker on contract. All administrative work was done by directors on a volunteer basis or for shares. In addition, jam was made by a member who had a catering business with a Board-of-Health-approved kitchen. Clearly, if we are to provide steady jobs, an international product, a more diverse product line, and higher levels of production, we will need more investment. With this in mind, we are currently in the process of applying for a couple of new grants that will help us apply for a barcode symbol, have professional labels made, hire a part-time clerk, and rent an industrial kitchen. To date, we have sent out a newsletter to our membership once each year, but we would like to have at least two issues per year. Much of our future will depend on the success of these applications.

We also need to revise our by-laws in order to make the co-operative easier to run. The board of directors functions well, but the annual general meeting remains a problem. We did not envision so many people joining the co-op as a statement of support, although they do not live in our local area and are not interested in the management of the organization. The quorum for our annual general meeting was set at one-quarter of the membership, which is much too high, even with proxy voting. This feature of the by-laws will be amended so that a quorum will be met by any number of members more than twice as great as the number of sitting directors.

In addition, there remains a need to build administrative capacity within the co-op. This may be partially helped by hiring a part-time administrator. But it would also be useful if each newly elected board of directors could receive a one-day seminar on the functioning and principles of a co-operative, and on expected standards for business management. Amateur enthusiasm and volunteer time can take a business only so far, and we look forward to growing Wilp Sa Maa'y into a professionally run enterprise.

Answers to the Case Study Questionnaire

Carla Burton (past president and current secretary)

Q. When did the co-op emerge?

A. The Wilp Sa Maa'y Harvesting Co-operative became a registered co-op on August 4th, 1998. The idea for the co-op emerged at the end of a research project looking into the optimal light conditions for some berry-producing shrubs important to First Nations People. Our first organizational meeting was held in June 1998, after which we opened an account at the Bulkley Valley Credit Union. We started buying berries in August 1998.

Q. Who were the founders?

A. The founders of the Wilp Sa Maa'y Harvesting Co-operative were Russell Collier from the Strategic Watershed Analysis Team (SWAT), Darlene Vegh, SWAT, Marilyn Freel, (SWAT), Carla Burton, Symbios Research and Restoration (SRR), Phil Burton, (SRR), and Mavis Goertzen. All of the founders were involved in the research project examining the response to light of berry-producing shrubs.

Q. What network or networks were central to the founding of the co-operative?

A. Though not necessarily networked, a number of organizations were instrumental in getting the co-op off the ground. Symbios Research and Restoration initiated the research project, procured the original registration documents, and kept the idea alive, which led to the development of the co-op. FRBC funded the initial research and emphasized the desirability of including First Nations People, women, and unemployed forestry/mill workers. SWAT, as the technical branch of the Gitxsan Treaty Office, who assisted with the research programme, provided liaison with the First Nations community and participated in the development of the co-op. SWAT also provided the original registration fee for incorporation as a co-operative. We continue to use the Gitxsan Treaty Office for our board and general meetings, and work with them to promote co-management of public lands for a variety of forest products. Gitxsan Wet'suwet'en Economic Development Corporation gave us a $5,000 start-up grant.

Q. Were there any special characteristics of the groups of people or location in which the co-operative emerged that help to explain its development?

A. The Hazeltons is a logical and perhaps unique place for the development of this sort of co-op. First, the GTO, through the strength of the Delgamuukw Supreme Court decision, has been actively pushing for co-management and development of nontimber forest products. Second, the Hazeltons has approximately equal proportions of First Nations and non-Native people, with a history of working together. The proximity of the co-op to Smithers (which has a large professional community) has also promoted a number of non–First Nations to join the co-op, in support of community-based alternatives to industrial forestry. The Gitxsan land, where most of the berries are picked, is some of the richest in the province with respect to the diversity and abundance of wild berries, mushrooms, and other potential nontimber forest products.

Q. What kind of activities (business and social) did the co-operative undertake?

A.

- We contacted the local newspaper and invited them to do an article on the development of the co-op.
- We undertook to have monthly meetings of the board and an annual general meeting open to all members.
- We sent out two newsletters, one each year, to update the membership on co-op progress.
- We advertised a logo and label contest and a huckleberry jam recipe contest,

open to all members of the community, with a prize of $200 each, in order to attract the interest of the community.

- We held a jam-tasting party, open to members of the community, to select the winning entry for the recipe contest.
- We attended local fairs, markets, and conferences to introduce our product to the community and to sell membership shares.
- We gave presentations on the development of the co-operative, as invited speakers.
- We supplied samples of our jam to museums and gift shops to actively seek retail outlets.
- We are developing a business plan.
- We actively sought financial support from funding agencies.

Q. Have the activities changed?

A. We do not attend local fairs and craft sales as frequently, as we are trying to develop a more sophisticated market around the province and nationally (and eventually internationally), so we are concentrating our efforts in that area.

We try to hold monthly board meetings, but given that the co-operative is largely run by volunteer effort and/or work in return for shares, this is not always possible because our board members must work to make a living. If we cannot hold a meeting in person, we try to hold meetings informally by phone. If there is any decision to be made and we cannot have a meeting, members of the board are contacted before any decisions are made.

Social activities will be activated as they become necessary. For example, when we want to introduce a new product, we will likely hold another contest.

Q. What were the key issues confronting the co-op in the early stages?

A.

- funding;
- determining a fair price for berries that would attract pickers;
- the issue of finding a place to make jam (i.e., an industrial kitchen approved by the local health inspector);
- quality control, maintaining a consistent product;
- developing an attractive, marketable product with limited funds; and
- getting our product out into the market (especially re: transportation/shipping costs).

Q. What role did the government play?

A. The Gitxsan-Wet'suwet'en Economic Development Corporation provided start-up funds. Though not a government agency, this corporation is government funded. Likewise, Forest Renewal BC, which is a crown corporation, funded the original research project.

Q. What role, if any, was played by other co-operatives?

A. The Bulkley Valley Credit Union showed interest and enthusiasm for the idea of the co-op, and one or two of their employees became members.
Q. How was funding secured?

A. An application, developed by the board, was made to the Gitxsan-Wet'suwet'en Economic Development Corporation in Hazelton, and Darlene Vegh of SWAT met with them to discuss the development of the co-op. Other funds came from the sale of shares to members, and from product sales.

Q. How did the elected leadership of the co-operative learn about their roles and responsibilities?

A. At board meetings, we informally discussed our responsibilities. People who had time volunteered to do the tasks that needed to be done.

Q. How did the managers and employees learn about their roles and responsibilities?

A. We do not yet have a manager. Our only employees (actually independent contractors) are our jam maker and our berry pickers. Pickers were informed about picking etiquette, location of buying stations, and prices, through posters, newsletters, and from the berry buyer. Our jam maker was and will continue to be in constant contact with various members of the board, by telephone and in person.

Q. What training programmes would have been useful?

A. Workshops on co-ops and co-op functioning especially in regard to financial management, officer duties, conflict of interest, bookkeeping, and reporting requirements.

Q. What are the positive attributes of the co-operative model as you have experienced it?

A.

- it taps the creative ideas of the membership;
- it provides capital through membership and share purchase;
- it is a democratic way to run a business;
- it allows equitable community participation at all levels;
- members can build equity in the organization even if they cannot purchase shares by donating work for the co-op in return for shares.

Q. What are the negative attributes?

A. People who are putting the most time and effort into the project do not have the most say in its direction. (i.e., one vote per share). Board structure is awkward for decision making since board is scattered between four or five towns and villages.

Q. What general advice would you give to any group interested in developing a co-operative?

A. [This is answered specifically with respect to developing renewable forest products:]

- Identify a product
    - -use a resource that is plentiful, renewable, available
    - -develop a product that is feasible, distinctive, desired
    - -avoid competition with other groups; communicate so you can all produce a distinctive product
- Research your product
    - -biology, harvesting procedures, processing/storing, uses, markets
- Develop partnerships and co-operation
    - -investors < == > management < == > labour
    - -meet with other forest users to discuss the impact of your business
- Business Plan
    - -develop a realistic business plan. Think Big But Start Small!!
- Funding
    - -how will you fund your plan?
    - -find out what financial aid is available
- Product Development
    - -involve the community in the development of your product

  - -test your product on members, make comparisons
  - -package your product distinctively
- Production and Marketing
  - -establish and maintain product consistency
  - -determine fair but profitable wholesale and retail prices
  - -advertise your product in your local community while actively searching for markets outside your community.
- Look to the Future
  - -plan to gradually introduce new products
  - -keep abreast of research and politics that may affect your business
  - -keep the co-operative in the public eye

[We can further offer some Do's and Don'ts by way of advice:]

DO:

- spread the workload among as many members/partners as possible
- assign certain tasks to be done on a regular basis; i.e., updating books
- contact distributors and retailers regularly
- update inventories
- develop new markets
- hold regular board meetings
- pursue funding opportunities in the form of start-up grants and loans
- get involved with research and resource management initiatives regarding nontimber forest products
- develop co-operation among co-operatives; find out about similar groups, producing similar goods, so you develop products that compliment one another rather than compete with one another

DON'T

- worry about having everything in place before embarking on such a venture; planning is good, but things won't happen if you don't start!
- structure your organization too rigidly (e.g., requiring ¼ of your membership to be present in order to have a quorum for your annual general meeting is difficult to attain)
- duplicate existing products and promotional material – be distinctive
- try to do too much at once. THINK BIG BUT START SMALL!!

Q. What kind of further assistance would you like to have from government?

A.

- seed funding to reach a self-sustaining level of production and marketing
- grants available at any time throughout the year are much more helpful than those having deadlines for application
- free workshops or seminars on co-op and corporate management principles

Q. What kind of further assistance would you like to have from the sector?

A. Not sure what "the sector" is. If we are talking about the nontimber forest products sector, there is often a need to regulate the harvest of forest botanical products to prevent over-harvesting and to promote resource stewardship. This might take the form of some sort of license or land-based tenure, but this needs to be carefully developed in conjunction with local First Nations and other community interests. We don't want to follow the "get rich quick" mentality of the pine mushroom industry.

New Beginnings Housing Co-operative

Prince Albert, Saskatchewan

Case Study Analysis Prepared by Juliano Tupone

The New Beginnings Housing Co-operative is a community-based development initiative established in Prince Albert, Saskatchewan. The purpose of the co-op is to fill the economic void created by run-down homes and vacant lots in older neighbourhoods of the city. A second, but equally important, goal of the co-op is to develop a programme to revitalize properties and provide an opportunity for those unable to qualify for a mortgage to become homeowners. The New Beginnings Housing Co-operative purchases homes in need of repair in consultation with a realtor. Homes are matched to co-op members on a waiting list.

History

The New Beginnings Housing Co-operative initiative began in 1996, when a Community Housing Advisory Committee was established in the city of Prince Albert. Interest rates at this time were quite low and because of this a number of people were able to afford mortgage payments on homes, but were not able to acquire the money for a down payment. The committee was made up of Floyd Baldwin, a real estate agent who played a key role in the committee's formation, representatives from the city of Prince Albert, Prince Albert Credit Union, Postsecondary Education, and Social Services. The committee found significant community interest in establishing a housing co-operative – 150 people, which resulted in seventy-one applications being filled out in anticipation of the co-op's formation.

The co-op targeted low-income families, those with a household income not exceeding $30,000. Applicants underwent a ninety-day credit check, as opposed to the typical five-year check. Twenty applicants were chosen from the seventy-one applications to start the co-op. An application was made to Home Grown Solutions for a grant to hire a co-ordinator, and when the grant was confirmed in September of 1996, the co-op got under way. The first meeting was held in December of that year with the families in attendance, and the co-op was incorporated.

The co-op took possession of the first home in February of 1997. This particular property was purchased for $20,000 and required renovations. The Prince Albert

Credit Union wanted appraisals of the home to include the value of the property after renovations had been completed. In order to acquire the down payment for the home, a system was developed that would use equity from the home after renovations. If the value of the home was 33 percent above the purchase price plus the cost of materials, then the resulting equity would be used as the down payment for the home. The first home was appraised at $42,000 after renovations were completed. Three homes were purchased using this method. Afterwards, to assist the co-op, Saskatchewan Housing offered 0 percent loans for down payments on houses.

Community Involvement and Impact

There was a great deal of support from the community to start the New Beginnings Housing Co-operative. Representatives from various organizations participated in the Community Housing Advisory Committee, and there was also significant support from local merchants and the public. The City of Prince Albert provided a contribution of $1,875 per home; the Province of Saskatchewan contributed $7,5000 per home via 0 percent interest loans; Prince Albert Credit Union provided mortgage financing up to 75 percent of the appraised value of homes after renovations; and CHC Home Grown Solutions provided a grant of $20,000 to the Community Housing Advisory group to form the housing co-operative and hire a co-ordinator.

Support for New Beginnings from other co-operatives came primarily from the Prince Albert Credit Union. In addition, Co-operators Insurance provided insurance for the homes. The credit union provided $750,000 mortgage financing and an additional $250,000 for renovations. The Co-operators provided the first year of home insurance pro-bono. In contrast, there was little support from the local retail co-operative. New Beginnings would like to see more help from the Prince Albert Co-op for building materials, as other local merchants have offered assistance by providing renovation and building materials at discounted rates.

New Beginnings has a very active membership, and holds regular meetings as well as other co-op functions. A lot of community activity takes place as a result of the co-operative structure. There is an annual barbecue, for instance, a Christmas party, and a landscaping contest. Everyone works together and there is a great deal of support for co-op members. The board of directors has nine members, with five male and four female directors. All directors are members of the co-op, with homes. Approximately 75 percent of the co-op members/home owners are Aboriginal.

Barriers to Development

New Beginnings has not faced many difficulties since its founding. Initially, financing the purchase of homes posed some problems, but once the co-op had secured financing, these diminished.

The co-op faces some difficulties with respect to the co-operative model itself. These, however, are limited to personality clashes resulting from a diverse group of people.

There is a need for more assistance from the co-operative sector, particularly the local retail co-op in Prince Albert. Members of New Beginnings would like to see more support from the retail, such as providing low-cost materials for renovations and sharing experiences by providing an information network.

The involvement of various persons who played a key role in helping the co-op get started has diminished somewhat. It would be nice if there were more ongoing assistance from some of the knowledgeable and influential people who were involved with the co-op in the beginning.

New Beginnings does not have a need for any further government assistance. It is generally felt that the government should let co-ops stand on their own and make decisions on their own.

Quint Development Corporation[1]

Saskatoon, Saskatchewan

> Quint Development Corporation, established in 1995, is a community economic development (CED) initiative representing five core neighbourhoods in Saskatoon: Pleasant Hill, Westmount, King George, Riversdale, and Caswell Hill. Quint emerged from a community planning process that identified the common issues and challenges faced by the five communities, which are characterized by low income levels, high unemployment, a significant number of families on social assistance, a large proportion of rental properties, vacant houses, and an ageing housing stock.
>
> Emphasizing both *community* and *economics*, Quint facilitates access to skills and resources not otherwise available to low-income individuals and families. It is working to increase participation and facilitate socio-economic and cultural understanding within the core communities. As a community economic development organization, its goal is to "enable minority or low-income groups to pool their resources and talents to create ownership, opportunity, jobs, training, and income for themselves and fellow community members. It uses business methods to provide social and economic benefits in urban pockets of poverty" (Quint Document 1)[2]. To this end, it has formed partnerships with various levels of government and businesses, which are compatible with community cultures and values. Its mission statement indicates that "Quint exists to strengthen the economic and social well being of Saskatoon's five core neighbourhoods through a community-based economic development approach" (Quint Document 1).

Quint and its projects are almost entirely government funded. In 1999, 45.37 percent of its funding came from the Government of Saskatchewan, 31.27 percent from the Government of Canada, and 3.67 percent from the City of Saskatoon. Remaining funding came from corporate sponsorship – 3.67 percent – and self-generated or -collected funds – 16.01 percent. Quint would prefer to be more independent than it is currently, as the majority of the funding has specific and predetermined requirements attached. Since focussing on helping low-income individuals has severe limitations for generating revenue, however, it is doubtful that Quint will ever be reasonably independent or self-sufficient.

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[1] This case is excerpted from "Quint Development Corporation Ltd.: A Case Study of Co-operatives as a Means for Aboriginal Economic Development," written by Nikki Hipkin and Neville Fernandes for an MBA course titled Indigenous People and Economic Development, taught by Warren Weir and Kelly Lendsay.

[2] Quint Documents 1–4, referenced in this article, are unpublished internal documents prepared by the Quint Development Corporation. Interested readers may contact Quint directly for further information (230 Avenue R South, Saskatoon, SK, S7M 2Z1; phone: (306) 978–4041; fax: (306) 683–1957).

Quint's largest expense – 74.35 percent – is wages and benefits, although only 28.54 percent goes to core administration. The remaining 45.81 percent is allocated to the programmes. Every programme operates independently from Quint and is a self-sufficient unit, although Quint provides all the necessary funds. These programmes pay wages to administrators, instructors, and project workers, who are almost entirely drawn from within the community.

While incorporated as a not-for-profit development corporation, Quint encourages the development of co-operatives to implement many of the objectives within its mandate.

Quint: Housing Co-operative

Citizens determined to improve the condition of their lives and their neighbourhoods came together in 1995, deciding that community economic development would enable them to take control of their well being. The highest priority identified by the surveyed community members was improved and affordable housing. Quint, together with the Saskatchewan government, the City of Saskatoon, and local businesses, has made this possible for some.

Quint Housing Co-operative (QHC) was formed in 1997 through Quint's Affordable Home Ownership Programme (AHP). QHC purchased ten homes within the five communities, renovated these homes, and placed ten families, seven of whom were Aboriginal, who had previously been in rental accommodations. By 31 March 1999, Quint had formed two more housing co-operatives, each comprising ten homes and families: C.O.R.E. Housing Co-operative (Communities Organizing Roots for Everyone) and Good Neighbour Housing Co-operative. Since that time, Quint has formed another two: Millennium Housing Co-operative and H.E.A.R.T. (Healthy Environment and Roofs Together) Housing Co-operative.

Members of the housing co-operatives are chosen based on a number of factors: total family income below $30,000, children under the age of eighteen, inability to secure financing through traditional institutions, and support for co-operative ideals. Additional but not required factors are commitment to the community and various practical skills. A number of home-owners are recipients of social services.

To finance the purchase, a forgivable loan from the Saskatchewan government through the Saskatchewan Housing Corporation (SHC) provides 25 percent of the mortgage, and a grant from the City of Saskatoon covers 5 percent. For the first five years, the housing co-operative owns the title to the home, though each payment by the resident family goes towards the mortgage. In addition to the mortgage principle, monthly payments include insurance, property taxes, contribution to the emergency repair fund, and Quint administration,. At the end of the five years, the SHC loan is forgiven and the family has the option to assume the title. St. Mary's Credit Union, Saskatoon Credit Union, and Co-operative Trust have agreed to provide mortgages for co-op members who have remained in good standing by consistently and promptly making their mortgage payments. The family also has the option to leave the co-operative at this point, but may stay for as long as they like, whether or not they assume the mortgage.

SHC and the city also contribute $900 per home for renovations and a $2,000 emergency repair fund for the first three years. Each home-owner contributes $50 monthly to this fund, which is available for such things as water heaters. In addition, the co-operatives provide shortterm loans to home-owners for home improvements.

Quint encourages participants to work together to improve their economic and social well being, and through its Affordable Home Ownership Programme it is helping to achieve many other community economic development goals.

Improving and Stabilizing Family Living Situations within the Community

Quint has renovated houses to ensure that families are moving into clean and structurally sound homes. As these families obtain permanent housing, neighbourhood stability increases, resulting in important benefits for both adults and children. For adults, stability helps increase a sense of ownership in the community, and feelings of self-determination and self-worth. For children, this stability reduces some of the barriers to education and assists them in developing roots in the community.

Decreasing Social Costs Related to Poor and Unstable Housing Conditions

Many rental properties are not well kept by the landlords, and tenants are often unable to make many changes to the structure on their own. These two factors combined can lead to a lack of pride in one's home, and often, a lack of pride in oneself. For the children involved in these situations, instability prevents them from developing long-term friends and relationships. Moving frequently is a serious impediment to the learning process, interrupting their schooling and diminishing the importance of education.

Reducing Poverty and Hunger by Creating Affordable Housing Alternatives

For those employed in low-income occupations, decreased housing costs release some of the family funds, which can be used for other fundamental needs such as food and clothing.[3]

Creating Healthier Communities by Increasing Residents' Stability, Pride, and Commitment to Their Communities

Home-ownership, by its very nature, provides more stability than renting. Once repaired, these homes are in better condition than many of the rental accommodations previously occupied, which results in increased pride among the home-owners. When provided with an opportunity to participate in activities aimed towards community betterment, individuals become more committed to their communities. And once they become home-owners, they have a vested interest in doing so.

Developing Housing Co-ops, Which Provide Support for and Build the Capacity of the Families / New Home-Owners

One co-op member's experience illustrates the way in which co-operatives help to build personal capacity. When he had a furnace breakdown, he phoned Quint and asked the administrators to come and fix it. They reminded him that as a home-owner, he was now responsible for home repairs. They helped him deal with the problem, while letting him work through the process largely on his own. As a result, he learned about his responsibility, as well as gaining a perspective and understanding of decision making as a home-owner. In an interview with the authors, this gentleman indicated that he valued the co-op, the group, and the advice and assistance to which he had access through the co-op. Because of this, he is committed to remaining with the co-op after the initial five years.

Developing a Sense of Community by Working Together in Housing Co-ops

Through the housing co-ops, individuals provide assistance to each other and work together to determine such things as collective direction and appropriate expenditures. As home-owners, they have a vested interest in their community, its condition, and the stability of their fellow residents. This fosters a sense of collective interest and helps develop a sense of community.

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[3] This does not apply to social services recipients, as their housing allocation simply decreases in direct proportion to the reduction in their housing payments.

The Christmas party was very much appreciated by the members, not only in helping out with the expense of Christmas, but really making the participants feel like part of a community. As a whole, they feel the group is very friendly and supportive of one another (Quint Document 4, p. 21).

Helping Low-Income Families Build Equity

By facilitating the home-ownership process, Quint helps families build equity rather than simply paying rent. Further, by financing through a co-operative, low-income families are able to establish a good credit rating, which can later be used to obtain mortgage financing.

Stemming the Outflow of Income from the Core Communities

Many landlords live outside the core areas and do not reinvest the money they earn in the communities. Further, they generally do not work to improve housing conditions. By making home-ownership affordable through the mechanism of housing co-operatives, more money stays in the core communities.

Purchasing, Renovating, and Improving the Ageing Housing Stock in the Core Communities

To date, Quint has purchased fifty homes through the housing co-operatives, and the organization is currently looking for another twenty to purchase within the next year. After purchase, each of these homes is renovated by local construction crews, thereby increasing property values in the neighbourhood.

Creating Employment and Training Opportunities for Community Residents through the Restoration and Improvement of the Houses

The Quint Construction Worker's Co-operative provides carpentry and construction training through a shop used as a base for renovating the new homes. This is a five-week programme funded through their partners, and in conjunction with New Careers, provides participants with practical, hands-on experience and also a level-one certificate in carpentry, which will help residents secure future employment in this sector.

Another offspring of Quint Housing Co-operatives, the Bent Nail Tool Co-operative, provides basic tools to members for a minimal annual fee. Through this service, members of the housing co-operatives are encouraged and able to maintain their homes and their yards.

Self-Employment Training and Micro-Lending

Building on the idea of small-business loans, Quint is offering entrepreneurial training in partnership with Can-Sask Career Employment Services, Saskatoon Credit Union, and Western Economic Diversification. The intent of the programme is to equip individuals with the skills and knowledge to successfully handle the business loans they request. The process consists of a short business-skills course, which assists in the development of a business plan. The plan then goes to a committee made up of three members from Quint and one from the Saskatoon Credit Union, which provide ongoing support[4] and mentorship. This programme is creating small businesses in the core communities and additional employment within these businesses. Western Economic Diversification has recently loaned significant financial support to this venture, with a loan default cushion of 20 percent, amounting to $1 million over five years. Such support should allow Quint and the Saskatoon Credit Union to significantly increase the availability of funds to those prepared to invest in a small business.

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[4] The Support for Small Business Training Program provides individuals and groups with instruction, startup, and ongoing support, encouraging the creation of small community businesses, including home-based businesses and worker co-ops.

Conclusions

Quint has set reasonable objectives that it has been able to meet through its programmes, contributing to long-term benefits for its co-operative members. By increasing homeownership and contributing to successful entrepreneurial ventures, community residents have experienced an increase in their sense of self-confidence, self-determination, and self-worth.

> My kids have a sense of belonging, a sense of comfort, a sense of home. They have more respect for the things around them. My youngest daughters asked if they ever move out, when they get older, will they still have their room? My answer was – your room will always be here, be in our house, the house that you grew up in.
>
> We have taken twenty years to get here and it will take thirty years more to finally have roots. To call this house home – our dream has come true. We are finally home (Quint Document 3).
>
> What began with a group of strangers – some shy, some scared, all of us wary about what lay before us – became a strong circle of friends working together for the good of each other and of the co-operative.
>
> We are achieving a dream most of us had thought impossible. We are working together collectively at owning our own homes. We walk taller, together we are stronger, and we smile when talking of our homes. We are home-owners (Quint Document 2).